



**EDELWEISS RETAIL FINANCE LIMITED**

Our Company was originally incorporated on February 18, 1997 as private limited company under the provisions of the Companies Act, 1956 as “Affluent Dealcom Private Limited”. Our Company was acquired by Edelcap Securities Limited (“**Edelcap Securities**”) pursuant to share purchase agreement dated March 30, 2012 and was converted into a public limited company with the name changed to “Affluent Dealcom Limited” on receipt of a fresh certificate of incorporation consequent to change in status on January 1, 2014 from the Registrar of Companies, West Bengal. Subsequently our Company’s name was changed to “Edelweiss Retail Finance Limited” pursuant to fresh certificate of Incorporation dated January 6, 2014. Our Company has obtained a revised certificate of registration dated October 14, 2014 bearing registration no. B-05.03052 issued by the Reserve Bank of India, Kolkata regional office under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits. The registered office of our Company has been shifted from the state of West Bengal to State of Maharashtra on September 2, 2016 and fresh certificate of registration dated January 4, 2017 bearing registration number B-13.02149 has been issued by the Reserve Bank of India, Mumbai under Section 45 IA of the Reserve Bank of India Act, 1934. For further details of changes in Registered Office, please refer to the chapter titled “**History, main objects and key agreements**” beginning on page 112 of this Prospectus.

**Corporate Identity Number** of our Company is U67120MH1997PLC285490  
**Registered Office & Corporate Office:** Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098, Maharashtra, India  
**Tel:** +91 (22) 4009 4400; **Fax:** +91 (22) 4019 4925  
**Company Secretary and Compliance Officer:** Ms. Sudipta Majumdar; **Tel:** +91 (22) 4009 4400; **Fax:** +91 (22) 4019 4925  
**E-mail:** rfcompliance@edelweissfin.com; **Website:** www.edelweissretailfin.com

**PUBLIC ISSUE BY EDELWEISS RETAIL FINANCE LIMITED (“COMPANY” OR THE “ISSUER”) OF 2,500,000 SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES (“NCDs”) OF FACE VALUE OF ₹1,000 EACH AGGREGATING UP TO ₹ 2,500 MILLION (RUPEES TWO THOUSAND AND FIVE HUNDRED MILLION), HEREINAFTER REFERRED TO AS THE “BASE ISSUE” WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ADDITIONAL 2,500,000 NCDs AMOUNTING TO ₹ 2,500 MILLION (RUPEES TWO THOUSAND AND FIVE HUNDRED MILLION) AGGREGATING UP TO ₹ 5,000 MILLION (RUPEES FIVE THOUSAND MILLION) (OVERALL ISSUE SIZE), HEREINAFTER REFERRED TO AS THE “ISSUE”. THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE “SEBI DEBT REGULATIONS”), THE COMPANIES ACT (AS DEFINED HEREUNDER) AND RULES MADE THEREUNDER AS AMENDED.**

**PROMOTERS**

Our promoters are Edelcap Securities Limited, Edelweiss Financial Services Limited and Edelweiss Finvest Private Limited. For further details refer to the chapter “**Our Promoters**” on page 140 of this Prospectus.

**GENERAL RISKS**

For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapter titled “**Risk Factors**” beginning on page 14 of this Prospectus and “**Material Developments**” beginning on page 154 of this Prospectus. This Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (“**SEBI**”), the Reserve Bank of India (“**RBI**”), the Registrar of Companies, Maharashtra at Mumbai (“**RoC**”) or any stock exchange in India.

**ISSUER’S ABSOLUTE RESPONSIBILITY**

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

**COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS**

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date and Redemption Amount of the NCDs, see section titled “**Terms of the Issue**” on page 216 of this Prospectus. For details relating to Eligible Investors please see “**Issue related information**” on page 210 of this Prospectus.

**CREDIT RATINGS**

The NCDs proposed to be issued under this Issue have been rated as ‘CRISIL AA/Stable’ for an amount of ₹5,000 million, by CRISIL Limited (“**CRISIL**”) vide their credit rating letter dated February 5, 2018 as revalidated by CRISIL vide their letter dated February 23, 2018 and ‘[ICRA]AA’ rating with Stable Outlook for an amount of ₹5,000 million, by ICRA Limited (“**ICRA**”) vide their credit rating letter dated February 2, 2018 as revalidated by ICRA vide their letter dated February 19, 2018. The rating of NCDs by CRISIL and ICRA indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. For the rationale for these ratings, see **Annexure A** of this Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

**LISTING**

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”) (“**Stock Exchanges**”). Our Company has received an ‘in-principle’ approval from the BSE Limited vide its letter no. DCS/BM/PI-BOND/6/17-18 dated February 26, 2018 and NSE vide its letter no. NSE/LIST/38418 dated February 26, 2018. For the purposes of the Issue, BSE Limited shall be the Designated Stock Exchange.

**PUBLIC COMMENTS**

The Draft Prospectus dated February 16, 2018 was filed with BSE and NSE, pursuant to Regulation 6(2) of the SEBI Debt Regulations and was open for public comments for a period of seven Working Days (i.e., until 5 p.m.) on February 26, 2018.

**LEAD MANAGERS TO THE ISSUE**

**AXIS BANK**  
**AXIS BANK LIMITED**  
 Axis House, 8<sup>th</sup> Floor, C-2, Wadia International Centre,  
 P.B. Marg, Worli, Mumbai – 400 025,  
 Maharashtra, India  
**Tel.:** +91 22 6604 3293  
**Fax:** +91 22 2425 3800  
**Email:** erf1.2018@axisbank.com  
**Website:** www.axisbank.com  
**Investor Grievance email:** sharad.sawant@axisbank.com  
**Contact Person:** Mr Vikas Shinde  
**Compliance Officer:** Mr Sharad Sawant  
**SEBI Registration No.:** INM000006104

**Edelweiss**  
 Ideas create, values protect  
**EDELWEISS FINANCIAL SERVICES LIMITED\*\***  
 Edelweiss House, Off CST Road, Kalina, Mumbai 400  
 098, Maharashtra, India  
**Tel:** +91 22 4086 3535  
**Fax:** +91 22 4086 3610  
**Email:** erf1.ncd@edelweissfin.com  
**Investor Grievance Email:**  
 customerservice.mb@edelweissfin.com  
**Website:** www.edelweissfin.com  
**Contact Person:** Mr. Mandeep Singh/ Mr. Lokesh Singhi  
**Compliance Officer:** Mr B Renganathan  
**SEBI Registration No.:** INM0000010650

**DEBENTURE TRUSTEE\***

**IDBI trustee**  
**IDBI Trusteeship Services Ltd**  
**IDBI Trusteeship Services Limited\***  
 Asian Building, Ground floor, 17, R Kamani Marg,  
 Ballard Estate, Mumbai-400 001,  
 Maharashtra, India  
**Tel:** 022 4080 7000;  
**Fax:** 022 6631 1776/ 4080 7080;  
**Email:** itsl@idbitrustee.com;  
**Investor Grievance email:** response@idbitrustee.com  
**Website:** www.idbitrustee.com  
**Contact Person:** Mr Naresh Sachwani / Mr Swapneil  
 Tiwari  
**Compliance Officer:** Mr Shivaji Gunware  
**SEBI Registration Number:** IND0000000460

**REGISTRAR TO THE ISSUE**

**KARVY Computershare**  
**Karvy Computershare Private Limited**  
 Karvy Selenium Tower B, Plot 31-32,  
 Financial District, Nanakramguda,  
 Gachibowli,  
 Hyderabad – 500 032, India  
**Tel:** 040 – 6716 2222  
**Fax:** 040 – 2343 1551  
**Email:** einward.ris@karvy.com  
**Investor Grievance Email:**  
 erf1.ncdipo@karvy.com  
**Website:** www.karisma.karvy.com  
**Contact Person:** Mr. M Murali Krishna  
**SEBI Registration Number:** INR000000221  
**CIN:** U74140TG2003PTC041636

**ISSUE PROGRAMME\*\*\***

**ISSUE OPENS ON: March 07, 2018**

**ISSUE CLOSES ON: March 22, 2018**

\*IDBI Trusteeship Services Limited under regulation 4(4) of SEBI Debt Regulations has by its letter no. 9031/ITSL/OPR/2017-18 dated February 2, 2018 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs, issued pursuant to this Issue.

A copy of the Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 and 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please refer to the section titled “**Material Contracts and Documents for Inspection**” on page 275 of this Prospectus.

\*\* EFSL is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, EFSL would be involved only in marketing of the Issue.

\*\*\*The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Director of our Company (“**Board**”) or by the Securities IPO Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the BSE and NSE.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to “the Issuer”, “our Company”, “the Company” or “ERFL” are to Edelweiss Retail Finance Limited, a public limited company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai – 400 098. Unless the context otherwise indicates, all references in this Prospectus to “we” or “us” or “our” are to our Company. All references to “Edelweiss Group” are to Edelweiss Financial Services Limited, its subsidiaries and associates.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

#### Company related terms

| Term   | Description  |
|--|--|
| Articles/ Association/AoA                        | Articles of Association of our Company, as amended.  |
| Board/ Board of Directors                        | Board of Directors of our Company or a duly constituted committee thereof.   |
| Directors  | Directors of our Company, unless otherwise specified   |
| EFPL   | Edelweiss Finvest Private Limited  |
| EFSL   | Edelweiss Financial Services Limited   |
| Edelcap Securities                               | Edelcap Securities Limited   |
| EGM  | Extra-ordinary General Meeting   |
| ESOP   | Employee Stock Option Programme  |
| Equity Shares                                    | Equity shares of our Company of face value of ₹ 10 each.   |
| Edelweiss Group                                  | Edelweiss Financial Services Limited, its subsidiaries and associates  |
| Financial Statements                             | Reformatted Financial Information and Unaudited Condensed Interim Financial Statements   |
| Memorandum/ Association/ MoA                     | Memorandum of Association of our Company, as amended.  |
| ₹ / Rs. / INR / Rupees                           | Indian Rupees  |
| Reformatted Financial Information                | The reformatted statement of assets and liabilities of our Company as at March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the related reformatted statement of profit and loss for the Fiscal year ended 2017, 2016, 2015, 2014 and 2013 and the reformatted statement of cash flow for the year ended March 31, 2017, 2016, 2015, 2014 and 2013 as examined by our Company’s Statutory Auditors, M/s Price Waterhouse Chartered Accountants LLP.<br><br>Our audited standalone financial statements as at and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 form the basis for such Reformatted Financial Information. |
| Registered and Corporate Office                  | The Registered and Corporate Office is Edelweiss House, Off. C.S.T Road, Kalina, Mumbai – 400 098, Maharashtra, India.   |
| RoC  | Registrar of Companies, Maharashtra at Mumbai.   |
| Securities IPO Committee                         | The committee constituted by our Board of Directors vide resolution dated January 22, 2018   |
| Statutory Auditors/Auditors                      | The statutory auditors of our Company being M/s Price Waterhouse Chartered Accountants LLP.  |
| Unaudited Condensed Interim Financial Statements | The unaudited special purpose condensed interim financial statements as of and for the nine months period ended December 31, 2017 under Indian GAAP  |

## Issue related terms

| Term  | Description   |
|---|---|
| Allotment Advice  | The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.  |
| Allotment/ Allot/ Allotted  | The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.   |
| Allottee(s)   | The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue  |
| Applicant/ Investor   | A person who applies for the issuance and Allotment of NCDs pursuant to the terms of the Draft Prospectus, Prospectus, abridged Prospectus and the Application Form for the Issue.  |
| Application   | An application to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under this Prospectus.  |
| Application Amount  | The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue.  |
| Application Form  | The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA or non-ASBA process, in terms of this Prospectus.  |
| “ASBA” or “Application Supported by Blocked Amount” or “ASBA Application” | The application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB.  |
| ASBA Account  | An account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of an ASBA Applicant.   |
| ASBA Applicant  | Any Applicant who applies for NCDs through the ASBA process.  |
| Assets under Management (AUM)   | Aggregate of receivable from financing business (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances)  |
| Banker(s) to the Issue/ Escrow Collection Bank(s)                         | The banks which are clearing members and registered with SEBI as bankers to the issue, with whom the Escrow Accounts and/or Public Issue Accounts will be opened by our Company in respect of the Issue.  |
| Base Issue Size   | ₹ 2,500 million.  |
| Basis of Allotment  | The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <i>Issue Procedure</i> ” on page 233 of this Prospectus.  |
| Brickwork   | Brickwork Ratings India Private Limited   |
| BSE   | BSE Limited   |
| CARE  | Credit Ratings Limited  |
| Category I Investor   | <ul style="list-style-type: none"> <li>• Public financial institutions, statutory corporations, scheduled commercial banks, co-operative banks, Indian multilateral and bilateral development financial institution and RRBs which are authorized to invest in the NCDs;</li> <li>• Provident funds, pension funds, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li> <li>• Venture Capital Funds/ Alternative Investment Fund registered with SEBI;</li> <li>• Insurance Companies registered with IRDAI;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company registered with the Reserve Bank of India and having a net-worth of more than five thousand million rupees as per the last audited financial statements;</li> <li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and</li> </ul> |

| Term                                | Description  |
|-------------------------------------|--|
| Category II Investor                | <ul style="list-style-type: none"> <li>• Mutual Funds registered with SEBI.</li> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorized to invest in the NCDs;</li> <li>• Public/private charitable/religious trusts which are authorized to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorized to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/ or unincorporated body of persons.</li> </ul> |
| Category III Investor               | <ul style="list-style-type: none"> <li>• Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹1 million across all series of NCDs in Issue.</li> </ul>   |
| Category IV Investor                | <ul style="list-style-type: none"> <li>• Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1 million across all series of NCDs in Issue.</li> </ul>  |
| Credit Rating Agencies<br>CRISIL    | For the present Issue, the credit rating agencies, being CRISIL and ICRA.<br>CRISIL Limited.   |
| Debenture Holder(s) / NCD Holder(s) | The holders of the NCDs whose name appears in the database of the Depository (in case of NCDs in the dematerialized form) and/or the register of NCD Holders maintained by our Company (in case of NCDs held in the physical form).  |
| Debenture Trustee Agreement         | The agreement dated February 14, 2018 entered into between the Debenture Trustee and our Company.  |
| Debenture Trust Deed                | The trust deed to be entered into between the Debenture Trustee and our Company.   |
| Debenture Trustee/ Trustee          | Debenture Trustee for the NCD Holders, in this Issue being IDBI Trusteeship Services Limited.  |
| Debt Application Circular           | Circular no. CIR/IMD/DF – 1/20/ 2012 issued by SEBI on July 27, 2012.  |
| Deemed Date of Allotment            | The date on which the Board of Directors or the duly constituted committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors or the duly constituted committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the NCD Holders from the Deemed Date of Allotment.  |
| Demographic Details                 | The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form.  |
| Depository(ies)                     | National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL).   |
| Designated Branches                 | Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.  |
| Designated Date                     | The date on which Application Amounts are transferred from the Escrow Accounts to the Public Issue Accounts or the Refund Account, as appropriate and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) following which the Board or the duly constituted committee shall Allot the NCDs to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Accounts up to this date.   |
| Designated Stock Exchange           | BSE  |
| Direct Online Application           | The application made using an online interface enabling direct application   |

| Term                        | Description  |
|-----------------------------|--|
|                             | by investors to a public issue of their debt securities with an online payment facility through a recognized stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges |
| DP / Depository Participant | A depository participant as defined under the Depositories Act.  |
| Draft Prospectus            | The Draft Prospectus dated February 16, 2018 filed by our Company with the Designated Stock Exchange for receiving public comments, in accordance with the provisions of the SEBI Debt Regulations.  |
| Escrow Accounts             | Accounts opened in connection with the Issue with the Escrow Collection Bank(s) and in whose favour the Applicant will issue cheques or bank drafts in respect of the Application Amount while submitting the Application.   |
| Escrow Agreement            | Agreement dated February 26, 2018 entered into amongst our Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Banks for collection of the Application Amounts from non-ASBA Applicants and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.   |
| FII/FII(s)                  | Foreign Institutional Investor(s) (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI which term shall include the Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as registered with SEBI.  |
| FPI                         | Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.  |
| FIPB                        | Foreign Investment Promotion Board.  |
| ICRA                        | ICRA Limited.  |
| Interest Payment            | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Draft Prospectus.  |
| Issue                       | Public Issue by our Company of 2,500,000 NCDs of face value of ₹1,000 each aggregating up to ₹2,500 million with an option to retain over-subscription up to additional 2,500,000 NCDs amounting to ₹2,500 million aggregating up to ₹5,000 million, on the terms and in the manner set forth herein.  |
| Issue Agreement             | The issue agreement dated February 14, 2018 entered into between our Company and Lead Managers.  |
| Issue Closing Date          | March 22, 2018   |
| Issue Opening Date          | March 07, 2018   |
| Issue Period                | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.   |
| Lead Managers/ LMs          | Axis Bank Limited and Edelweiss Financial Services Limited.  |
| Lead Brokers                | Edelweiss Broking Limited, SMC Global Securities Limited, Axis Capital Limited, Integrated Enterprises (India) Private Limited, ICICI Securities Limited, JM Financial Services Limited, Karvy Stock Broking Limited, Bajaj Capital Limited, A.K. Stockmart Private Limited, HDFC Securities Limited, India Infoline Limited, RR Equity Brokers Private Limited, Kotak Securities Limited  |
| Lead Broker Agreement       | Agreement dated February 23, 2018 entered into amongst our Company, Lead Managers and Lead Brokers.  |
| Loan Book                   | Aggregate of receivable from financing business (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances).  |
| Market Lot                  | One NCD.   |
| NCDs                        | Secured redeemable non-convertible debentures of face value of ₹1,000.   |
| NSE                         | National Stock Exchange of India Limited.  |

| <b>Term</b>                             | <b>Description</b>  |
|---|---|
| Offer Document                          | The Draft Prospectus, Prospectus, Application Form and the abridged Prospectus.   |
| Promoters / our Promoters               | The Promoters of our Company, being Edelcap Securities Limited, Edelweiss Financial Services Limited and Edelweiss Finvest Private Limited.   |
| Prospectus                              | The Prospectus dated February 27, 2018 shall be filed by our Company with the ROC, SEBI and the Stock Exchanges in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations.   |
| Public Issue Account                    | An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue and/ or the SCSBs on the Designated Date.  |
| Record Date                             | 15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the Prospectus. In the event the Record Date falls on a second or fourth Saturday of a month or a Sunday or a public holiday in India or a holiday of commercial banks in Mumbai, the succeeding Working Day will be considered as the Record Date.   |
| Redemption Amount                       | The amount repayable on the NCDs, as specified in the section titled “ <i>Issue related Information</i> ” on page 210 of this Prospectus.   |
| Redemption Date                         | The date on which the NCDs will be redeemed, as specified in the section titled “ <i>Issue related Information</i> ” on page 210 of this Prospectus.  |
| Refund Account                          | The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made (excluding all Application Amounts received from ASBA Applicants).   |
| Refund Bank                             | HDFC Bank Limited   |
| Register of NCD Holders                 | The Register of NCD Holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013.  |
| Registered Office                       | Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098, Maharashtra, India.   |
| Registrar Agreement                     | Agreement dated February 14, 2018 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue, pertaining to the Issue.  |
| Registrar to the Issue/ Registrar       | Karvy Computershare Private Limited.  |
| Self Certified Syndicate Banks or SCSBs | The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <a href="http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html</a> or at such other website as may be prescribed by SEBI from time to time.                                       |
| SMERA                                   | Smera Ratings Limited.  |
| Simplified Listing Agreement            | The Listing Agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of the debt securities.  |
| Specified Cities                        | Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat.   |
| Stock Exchanges                         | BSE and NSE.  |
| Syndicate or Member(s) of the Syndicate | Collectively, the Lead Managers, Lead Brokers and sub-brokers appointed in relation to the Issue.   |
| Syndicate ASBA Application Locations    | ASBA Applications through the Lead Managers, Lead Brokers, sub-brokers or the Trading Members of the Stock Exchanges only in the Specified Cities.  |
| Syndicate SCSB Branches                 | In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on <a href="http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html</a> or at such other website as may be prescribed by SEBI from time to time. |
| Tenor                                   | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Prospectus.   |
| Tier I Capital                          | Tier I Capital means owned fund as reduced by investment in shares of   |

| Term                                 | Description   |
|--------------------------------------|---|
|                                      | other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year.   |
| Tier II Capital                      | Tier II Capital includes the following: <ul style="list-style-type: none"> <li>(i) preference shares other than those which are compulsorily convertible into equity;</li> <li>(ii) revaluation reserves at discounted rate of fifty five percent;</li> <li>(iii) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;</li> <li>(iv) hybrid debt capital instruments;</li> <li>(v) subordinated debt; and</li> <li>(vi) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent, the aggregate does not exceed Tier I Capital.</li> </ul> |
| Trading Members                      | Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchanges.   |
| Transaction Registration Slip or TRS | The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs.   |
| Tripartite Agreements                | Tripartite agreement dated February 15, 2018 among our Company, the Registrar and CDSL and tripartite agreement dated February 15, 2018 among our Company, the Registrar and NSDL.  |
| Working Day(s)                       | Working Day shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding 2 <sup>nd</sup> and 4 <sup>th</sup> Saturdays of a month or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.  |

#### Conventional and general terms or abbreviation

| Term/Abbreviation                   | Description/ Full Form  |
|-------------------------------------|---|
| ₹ or Rupees or Indian Rupees or INR | The lawful currency of India.   |
| ACH                                 | Automated Clearing House.   |
| AGM                                 | Annual General Meeting.   |
| AS                                  | Accounting Standards issued by Institute of Chartered Accountants of India.     |
| ASBA                                | Application Supported by Blocked Amount.  |
| BSE                                 | BSE Limited.  |
| Bankruptcy Code                     | The Insolvency and Bankruptcy Code, 2016, as amended                            |
| CAGR                                | Compound annual growth rate calculated as n <sup>th</sup> root of (ending value |



| <b>Term/Abbreviation</b>     | <b>Description/ Full Form</b>  |
|------------------------------|--|
|                              | divided by beginning value) less one, where n is the count of years being considered less one.   |
| CAR                          | Capital Adequacy Ratio.  |
| CDSL                         | Central Depository Services (India) Limited.   |
| Companies Act                | Companies Act 1956 and/or Companies Act 2013, as amended and as applicable.  |
| Companies Act, 1956          | Companies Act, 1956, to the extent in force.   |
| Companies Act, 2013          | The Companies Act, 2013 (18 of 2013) as amended from time to time  |
| CRAR                         | Capital to Risk-Weighted Assets Ratio.   |
| CRISIL                       | Credit Rating Information Services of India Limited.   |
| CSR                          | Corporate Social Responsibility.   |
| DSA(s)                       | Direct Selling Agent(s)  |
| ECS                          | Electronic Clearing Scheme.  |
| Depositories Act             | Depositories Act, 1996, as amended.  |
| Depository(ies)              | CDSL and NSDL.   |
| DIN                          | Director Identification Number.  |
| DP/ Depository Participant   | Depository Participant as defined under the Depositories Act, 1996.  |
| DRR                          | Debenture Redemption Reserve.  |
| FDI                          | Foreign Direct Investment.   |
| FDI Policy                   | The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time. |
| FEMA                         | Foreign Exchange Management Act, 1999, as amended.   |
| Financial Year/ Fiscal/ FY   | Period of 12 months ended March 31 of that particular year.  |
| FIR                          | First Information Report.  |
| GDP                          | Gross Domestic Product.  |
| GoI or Government            | Government of India.   |
| GIR                          | General Index Registration Number.   |
| HNI                          | High Networth Individual.  |
| HUF                          | Hindu Undivided Family.  |
| Ind-AS                       | Indian Accounting Standards  |
| ICAI                         | Institute of Chartered Accountants of India.   |
| IFRS                         | International Financial Reporting Standards.   |
| Income Tax Act / IT Act      | Income Tax Act, 1961, as amended.  |
| Income Tax Rules             | Income Tax Rules, 1962, as amended.  |
| India                        | Republic of India.   |
| Indian GAAP                  | Generally Accepted Accounting Principles followed in India.  |
| IRDAI                        | Insurance Regulatory and Development Authority of India.   |
| IT                           | Information Technology.  |
| IMF                          | International Monetary Fund  |
| LIBOR                        | London Inter-Bank Offered Rate.  |
| MCA                          | Ministry of Corporate Affairs, GoI.  |
| MCLR                         | Marginal Cost of Funds based Lending Rates   |
| Merchant Bankers Regulations | SEBI (Merchant Bankers) Regulations, 1992 as amended.  |
| MoF                          | Ministry of Finance, GoI.  |
| NAV                          | Net Asset Value  |
| NBFC                         | Non-Banking Financial Company, as defined under applicable RBI guidelines.   |
| NBFC-ND-SI                   | Systemically Important Non-Deposit Taking NBFC   |
| NACH                         | National Automated Clearing House  |
| NECS                         | National Electronic Clearing Service   |
| NEFT                         | National Electronic Fund Transfer.   |
| NRI or "Non-Resident"        | A person resident outside India, as defined under the FEMA.  |
| NSDL                         | National Securities Depository Limited.  |

| <b>Term/Abbreviation</b> | <b>Description/ Full Form</b>  |
|--------------------------|--|
| NSE                      | National Stock Exchange of India Limited.  |
| Net worth                | As per Section 2(57) of the Companies Act, 2013, Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium 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. |
| OCB                      | Overseas Corporate Body(ies)   |
| p.a.                     | Per annum.   |
| PAN                      | Permanent Account Number.  |
| Portfolio                | Our aggregate outstanding loans and advances   |
| RBI                      | Reserve Bank of India.   |
| RBI Act                  | Reserve Bank of India Act, 1934, as amended.   |
| RTGS                     | Real Time Gross Settlement   |
| SARFAESI Act             | Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended   |
| SEBI                     | Securities and Exchange Board of India   |
| SEBI Act                 | Securities and Exchange Board of India Act, 1992 as amended.   |
| SEBI ICDR Regulations    | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended.  |
| SEBI Debt Regulations    | Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended.  |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.   |

#### **Business/ Industry related terms**

| <b>Term/Abbreviation</b> | <b>Description/ Full Form</b>   |
|--------------------------|---|
| ALCO                     | Asset Liability Management Committee.   |
| ALM                      | Asset Liability Management.   |
| BMU                      | Balance Sheet Management Unit.  |
| CERSAI                   | Central Registry of Securitisation Asset Reconstruction and Security Interest of India.   |
| FIMMDA                   | Fixed Income Money Market and Derivatives Association.  |
| Gross NPAs               | Aggregate of receivable from financing business considered as non-performing assets (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances<br>Gross NPAs is also referred to as GNPAs. |
| KMP                      | Key Managerial Personnel, as defined under Section 2(51) of the Companies Act, 2013.  |
| KYC                      | Know Your Customer.   |
| LAP                      | Loan Against Property.  |
| LTV                      | Loan To Value.  |
| MICR                     | Magnetic Ink Character Recognition.   |
| MoU                      | Memorandum of Understanding.  |
| NPAs                     | Non-Performing Assets.  |
| PAN                      | Permanent Account Number.   |
| Secured Loan Portfolio   | Secured receivables from financing business (shown as part of short term loans and advances and long term loans and advances).  |
| SME                      | Micro, Small and Medium Enterprises.  |
| Unsecured Loan Portfolio | Unsecured receivables from financing business (shown as part of short term loans and advances and long term loans and advances).  |
| UTI                      | Unit Trust of India.  |
| WCDL                     | Working Capital Demand Loan.  |

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled “*Capital Structure*”, “*Regulations and Policies*”, “*History, Main Objects and Key Agreements*”, “*Statement of Tax Benefits*”, “*Our Management*”, “*Financial Indebtedness*”, “*Outstanding Litigations and Defaults*” and “*Issue Procedure*” on pages 55, 115, 112, 67, 126, 155, 179 and 233 respectively will have the meanings ascribed to them in such sections.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Prospectus to “**India**” are to the Republic of India and its territories and possessions.

### **Financial Data**

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all References to a particular financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless indicated otherwise, the financial data in this Prospectus is derived from our Reformatted Financial Information as of and for the Fiscals ended March 31, 2017, 2016, 2015, 2014 and 2013, and the respective notes thereto and the Unaudited Condensed Interim Financial Statements of the Company as of and for the nine months period ended December 31, 2017 (the ‘Unaudited Condensed Interim Financial Statements’), prepared in accordance with the Companies Act and the SEBI Debt Regulations read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 and included elsewhere in this Prospectus.

The Reformatted Financial Information has been prepared from the Audited Financial Statements of the Company as of and for the Fiscals ended March 31, 2017, 2016, 2015, 2014 and 2013 (the ‘Audited Financial Statements’). The Audited Financial Statements and the Unaudited Condensed Interim Financial Statements of the Company have been prepared in accordance with Indian GAAP.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

### **Currency and Unit of Presentation**

In this Prospectus, all references to ‘Rupees’/ ‘Rs.’ / ‘INR’/ ‘₹’ are to Indian Rupees, the official currency of the Republic of India.

Except where stated otherwise in this Prospectus, all figures have been expressed in ‘Million’. All references to ‘million/Million/Mn’ refer to one million, which is equivalent to ‘ten lakhs’ or ‘ten lacs’, the word ‘Lakhs/Lacs/Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion/bn./Billions’ means ‘one hundred crores’

### **Industry and Market Data**

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CRISIL, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Unless stated otherwise, macroeconomic and industry data used throughout this Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Prospectus is meaningful depends on the readers’ familiarity with and understanding of methodologies used in compiling such data.

Further, in case of specific provision in the loan agreement for a rate other than the RBI rate, the rate has been taken as prescribed as in the respective loan agreement.

In this Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus 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”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus that are not historical facts.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to manage credit quality of our portfolio;
- our Company’s ability to access funds at competitive cost;
- our ability to successfully implement our strategy, growth and expansion plans;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business, changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India;
- interest rates and inflation in India;
- general, political, economic, social and business conditions in Indian and other global markets;
- performance of the Indian debt and equity markets;
- changes in government regulations; and
- other factors discussed in this Prospectus, including under the section titled “*Risk Factors*” on page 14 of this Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “*Our Business*” and “*Outstanding Litigations and Defaults*” on pages 95 and 179 respectively of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Prospectus, our Company 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. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Managers, our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company, the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Prospectus with the Stock Exchanges and RoC, and the date of the Allotment.

## SECTION II - RISK FACTORS

*An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 95 and "Financial Statements" on page 153 of this Prospectus respectively before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with Financial Statements.*

### *Internal Risk Factors*

**1. *Any increase in the levels of non-performing assets in our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.***

With the growth in our business, we expect an increase in our loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. There can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

Our Company has in the past faced certain instances of customers defaulting and/or failing to repay dues in connection with loans or finance provided by our Company. Our Company has in certain instances initiated legal proceedings to recover the dues from its delinquent customers. For further details in relation to litigations, see "*Outstanding Litigation and Defaults*" on page 179 of this Prospectus. Customer defaults could also adversely affect our Company's levels of NPAs and provisions made for its NPAs, which could in turn adversely affect our Company's operations, cash flows and profitability. Our Company's Gross NPAs as at December 31, 2017 were ₹ 287.02 million which constituted 1.01 %, of our Company's Loan Book. Our Company's Gross NPAs have increased to ₹ 61.97 million as at March 31, 2017 from ₹ 39.76 million as at March 31, 2016 (which constituted 0.42 %, and 0.28 %, of our Company's Loan Book, respectively, as on those dates) while our Company's net NPAs have increased to ₹ 253.56 million as at December 31, 2017 and ₹ 53.01 million as at March 31, 2017 from ₹ 9.92 million as at March 31, 2016. Our Company's provisions for non-performing assets and restructured loans (shown as part of short term and long term provisions) were ₹ 33.45 million and ₹ 8.96 million as at December 31, 2017 and as at March 31, 2017, respectively, and its provisioning coverage ratio (i.e., Gross NPAs for which provisions had been created) was 11.66%, and 14.46%, respectively, during these periods, may not be comparable to that of other similar financial institutions.

There can be no assurance that there will be no further deterioration in our Company's provisioning coverage ratio or that the percentage of NPAs that our Company will be able to recover will be similar to its past experience in recovering its NPAs. In the event of any further deterioration in the quality of our Company's loan portfolio, there could be further adverse impact on its results of operations. Defaults for a period of more than 90 days result in such loans being classified as "non-performing". If our Company is unable to effectively monitor credit appraisal, portfolio monitoring and recovery processes and the related deterioration in the credit quality of its loan portfolio, the proportion of NPAs in its loan portfolio could increase, which may, in turn, have a material adverse effect on our Company's business, financial condition, results of operation and future financial performance.

As at December 31, 2017, our Gross NPAs as a percentage of our outstanding loans was 1.01% and our net NPAs, as a percentage of our outstanding loans, was 0.90%. The provisioning in respect of our outstanding loan portfolio has been undertaken in accordance with the RBI guidelines and other applicable laws. The provisioning requirements may also require the exercise of subjective judgments of management. The level of our provisions may be inadequate to cover further increases in the amount of our non-performing loans or decrease in the value of the underlying collateral. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds at favorable terms as well as our results of operations, liquidity and financial condition could be adversely affected.

In addition, provisioning norms may be revised by the RBI and become more stringent for NBFCs. As a result, we may have to increase our provisioning in accordance with these norms as they change. For further details, please refer to the chapter “*Regulations and Policies*” on page 115 of this Prospectus.

If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our financial condition and results of operations may be affected. In addition, we anticipate that the size of our loan portfolio will grow as a result of our expansion strategy in new products, which may expose us to an increased risk of defaults. A significant number of our customers are part of the low and middle income segment and are generally more likely to be affected by declining economic conditions than larger corporate borrowers. If our customers are unable to meet their financial obligation in a timely manner, then it could adversely affect our results of operation. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner, it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

- We are a non-deposit taking systematically important non-banking finance company i.e. NBFC-ND-SI and therefore we are subject to supervision and regulation by the RBI, as an NBFC-ND-SI, and other regulatory authorities. Changes in the RBI's regulations and other regulations, and the regulation governing our Company or the industry in which our Company operates could adversely affect its business. Also, future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.***

Our business is highly-regulated. The operations of an NBFC-ND-SI in India are subject to various regulations framed by the RBI, SEBI and Ministry of Corporate Affairs amongst others. Our Company is regulated principally by the RBI and is subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure and other prudential norms. It also has reporting obligations to the RBI. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business and financial performance. The RBI has introduced the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, which are applicable to an NBFC-ND-SI. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs. These regulations, apart from regulating the manner in which our Company carries out its business and internal operation, prescribe various periodical compliances and filings including but not limited to filing of forms and declarations with the relevant registrar of companies, and the RBI. Pursuant to the RBI regulations, NBFCs are currently required to maintain a minimum CRAR consisting of Tier I Capital and Tier II Capital which collectively shall not be less than 15.00% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items.

We are also subject to the corporate, taxation and other laws in effect in India which require continued



monitoring and compliance. The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities with respect to these regulations vary from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected.

Furthermore, we are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws and regulations governing companies in India will not change in the future or that such changes or the interpretations or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future growth plans. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations.

We cannot assure you that our Company will be in compliance with the various regulatory and legal requirements in a timely manner or at all. Further, we cannot assure you that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time. Further, changes in tax laws may adversely affect demand for real estate and therefore, for our product lines in India.

- 3. As at December 31, 2017, SME finance loan book amounted to ₹ 16,627.83 million constituted 58.70% of our Company's Loan Book. The SMEs to which our Company provides loans may not perform as expected and this may adversely affect our Company's performance.***

As at December 31, 2017, SME finance loan book was ₹ 16,627.83 million and constituted 58.70% of our Company's Loan Book. Our Company provides loans to SMEs which obtain loans against their assets and profits made by them. Our Company does not manage, operate or control such businesses or entities. Further, our Company has no control over those businesses' functions or operations. As a result, such businesses may make business, financial or management decisions which our Company does not agree or the majority shareholders or the management of such companies may make business, financial or management decisions that may be adverse to, or otherwise act in a manner that does not serve, our Company's best interests. The repayment of the loans extended to such businesses will depend to a significant extent on the specific management team of the relevant borrower entity. The actions taken by the management of our Company's customers may lead to significant losses and affect their ability to repay our Company's loans. Consequently, this may adversely affect our Company's financial performance.

- 4. As at December 31, 2017, LAP and construction financing amounted to ₹ 8,844.08 million and ₹ 1,727.37 million respectively and constituted 31.22% and 6.10%, respectively, of our Company's Loan Book. Any adverse development in the real estate sector would adversely affect its results of operations.***

As at December 31, 2017, our Company's Loan Book size was ₹ 28,330.58 million. As at December 31, 2017, LAP and construction financing constituted 31.22% and 6.10% respectively, of our Company's Loan Book. The demand for these loan products is generally affected by developments in the real estate sector. Any decline in conditions of the real estate markets could have an adverse impact on our Company's financial condition and results of operations.

Further, as the underlying security on these loans is primarily mortgages or other form of security over the customers' other residential or commercial property, a significant portion of our Company's Loan Book is exposed to events affecting the real estate sector. In the event of a significant decline in property prices or a defect in the title of the property, our Company may not be able to realise the value of the collateral or recover its principal and interest in the event of a default. Also, if any of the projects which form part of the collateral are delayed for any reason, it may affect our Company's ability to enforce the security, hereby effectively diminishing the value of such security. Further, our Company is not an NBFC notified by the government for the purposes of SARFAESI Act and therefore the benefits of SARFAESI Act do not extend to us. There can be no assurance that our Company will be able to foreclose on collateral on a timely basis, or at all, and if it is able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to our Company which may result in a material adverse effect on its business, results of operations and financial condition.

**5. *Our business is vulnerable to interest rate volatility and we will be impacted by any volatility in such interest rates in our lending and treasury operations, which could cause our net interest income and margins to decline and adversely affect our return on assets and profitability.***

A significant component of our income is the interest income we receive from the loans we disburse. Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly volatile due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions. Our Company's results of operations are substantially dependent upon the level of its net interest margins. Our Company's total interest income on loans is the largest component of our Company's total revenue and it constituted 92.34%, 92.22%, 94.91%, and 95.76%, for the quarter ended December 31, 2017 and for the Fiscals 2017, 2016 and 2015 respectively. As at December 31, 2017 and March 31, 2017, our Company's Loan Book is ₹ 28,330.58 million and ₹ 14,736.56 million, respectively. For details, please see "*Financial Information*" on page 153 of the Prospectus. Our Company borrows and lends funds on both fixed and floating rates. Volatility and mismatch in generally prevailing interest rates can materially and adversely affect our Company's financial performance, especially if the changes are sudden or sharp.

If there is an increase in the interest rates that we pay on our borrowings, which we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to lower cost funds.

Further, we may lend money on a long-term, fixed interest rate basis, typically without an escalation clause in our loan agreements. Any increase in interest rates over the duration of such loans may result in our losing potential interest income. Our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

Moreover, when interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. If borrowers prepay loans, the return on our capital may be reduced if we are not able to deploy the received funds at similar interest rates. In periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. If we are required to reprice loans, it could adversely affect our profitability.

**6. *Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business, financial condition and results of operations.***

NBFCs in India are subject to strict regulation and supervision by the RBI. In addition to the conditions required for the registration as a NBFC with the RBI, we are also required to comply with certain other statutory and regulatory requirements for our business. In the future, we may be required to renew the applicable permits and approvals and obtain new permits and approvals for the current and any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operation.

In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

7. ***We are required to maintain a minimum CAR as specified by RBI. There is no assurance that we will be able to access the capital markets when necessary in order to maintain the CAR.***

Our Company's CAR computed on the basis of the applicable RBI norms was 16.19%, 18.67% and 18.70%, as at December 31, 2017, March 31, 2017 and March 31, 2016, respectively, with Tier I Capital comprising 11.30%, 17.90% and 17.68%, as at December 31, 2017, March 31, 2017 and March 31, 2016, respectively. If our Company continues to grow its loan portfolio and asset base, it will be required to raise additional Tier I Capital and Tier II Capital in order to continue to meet applicable capital adequacy ratios with respect to its business. There can be no assurance that our Company will be able to raise adequate additional capital in the future on terms favourable to our Company, in a timely manner, or at all and this may adversely affect the growth of our Company's business. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to or have difficulty accessing the capital markets. Additionally, there is no assurance that the RBI will not increase the current capital adequacy ratio.

8. ***As an NBFC, the risk of default and late or non-payment by borrowers and other counterparties may materially and adversely affect our asset quality and profitability. Any such defaults, late payment or non-payments would result in provisions or write offs in our financial statements which may materially and adversely affect our asset quality, cash flows, and profitability.***

Our Company's business involves lending money and accordingly, our Company is subject to risks of customer default which includes default or delays in repayment of principal and/or interest on the loans our Company provides to its customers and other counter parties. Our outstanding Loan Book has grown at a CAGR of 187% from ₹ 625.82 million as of March 31, 2014 to ₹ 14,736.56 million as of March 31, 2017. As at December 31, 2017, the size of our outstanding loan portfolio was ₹ 28,330.58 million. The size of our loan portfolio is expected to continue to grow. Customers may default on their obligations as a result of various factors, including certain external factors which may not be within our Company's control such as developments in the Indian economy and the real estate market, movements in global markets, changes in interest rates and changes in regulations. To the extent our Company is not able to successfully manage the risks associated with lending to these customers, it may become difficult for our Company to make recoveries on these loans.

A significant number of our customers are in the low and middle income segment and may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our Company's interest income and as a result, lower revenue from its operations, while increasing costs as a result of the increased expenses required to service and collect delinquent loans, and make loan loss provisions as per applicable regulations. Our Company may also be required to make additional provisions in respect of loans to such customers in accordance with applicable regulations. Further, any defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

9. ***If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see 'Our Business' on page 95 of this Prospectus. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity

of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

**10. *Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs which could have an impact on our business and could affect our growth, margins and business operations.***

The RBI vide its Notification (No. RBI/2006-07/205/DBOD.No. FSD.BC.46 / 24.01.028 /2006-07) dated December 12, 2006 has amended the regulatory framework governing banks to address concerns arising from divergent regulatory requirements for banks and NBFCs. This notification reduces the exposure (both lending and investment, including off balance sheet exposures) of a bank to NBFCs like us. Accordingly, banks exposure limits on any NBFC are reduced to 10% of its capital funds. Furthermore, RBI has suggested that banks may consider fixing internal limits for their aggregate exposure to all NBFCs combined. This notification limits a bank's exposure to NBFCs which consequently restricts our ability to borrow from banks. This Notification could affect our business and any similar notifications released by the RBI in the future, which has a similar impact on our business could affect our growth, margins and business operations.

**11. *We may be unable to realize the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our Company's Secured Loan Portfolio was ₹ 16,434.20 million, ₹ 9,142.18 million and ₹ 8,270.03 million as at December 31, 2017, March 31, 2017 and March 31, 2016, respectively, and represented 58.01%, 62.04% and 59.24% respectively, of the Company's Loan Book as of those dates. Our Company's Unsecured Loan Portfolio was ₹ 11,896.38 million, ₹ 5,594.38 million and ₹ 5,689.45 million as at December 31, 2017, March 31, 2017 and March 31, 2016, respectively, and represented 41.99%, 37.96% and 40.76% respectively, of the Company's Loan Book as of those dates.

The value of collateral is dependent on various factors, including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) growth of the stock markets and real estate sector in India and the areas in which our Company operates, and (iv) any change in statutory and/or regulatory requirements. We maintain loan-to-value on the basis of the products being offered and product specific LTVs vary from case to case.

The value of the security provided by the borrowers to our Company may be subject to a reduction in value on account of various reasons. While our Company's customers may provide alternative security to cover the shortfall, the realisable value of the security for the loans provided by our Company in the event of liquidation may continue to be lower than the combined amount of the outstanding principal amount, interest and other amounts recoverable from the customers.

Any default in the repayment of the outstanding credit obligations by our Company's customers may expose it to losses. A failure or delay to recover the loan value from sale of collateral security could expose our Company to potential losses. Any such losses could adversely affect our Company's financial condition and results of operations. Furthermore, the process of litigation to enforce our Company's legal rights against defaulting customers in India is generally a slow and potentially expensive process. Accordingly, it may be difficult for our Company to recover amounts owed by defaulting customers in a timely manner or at all.

We may not be able to realize the full value of the collateral as a result of the following, among other factors:

- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- fraud by borrowers;
- errors in assessing the value of the collateral;
- illiquid market for the sale of the collateral;
- applicable legislative provisions or changes thereto and past or future judicial pronouncements;
- delays on our part to take immediate action;
- economic downturns; and
- adverse court orders.
- fraudulent transfers by borrowers.

In the event that a specialised regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. There can therefore be no assurance that we will be able to liquidate our collateral on a timely basis, or at all, and if we are able to liquidate our collateral, that the value will be sufficient to cover the outstanding amounts owed to us, which could have an adverse effect on our financial condition, results of operations and cash flows.

- 12. *As part of our growth strategy, we intend to strategically expand our operations in other business verticals. Our Company expects to start extending loans against securities to our Company's clients and any default by a client coupled with a downturn in the stock markets could result in losses for our Company. Our growth initiatives are susceptible to various risks that may limit our growth and diversification.***

Our Company expects to start extending "loans against securities" before the end of this financial year. These loans are secured by liquid, marketable securities at an appropriate or pre-determined margin levels. In the event of a volatile stock market or adverse movements in stock prices, the collateral which secures the loans may decrease significantly in value, which might result in losses which our Company. Customers may default on their obligations to our Company as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. As a result, it may be difficult to carry out a precise credit risk analysis on such clients. Although our Company uses a technology-based risk management system and follows strict internal risk management guidelines on portfolio monitoring, which include assessing the quality of collateral provided by the client and pre-determined margin call thresholds, there can be no assurance that in the event the financial markets witness a significant adverse event or a general downturn, our Company's financial condition and results of operations would not be adversely affected.

- 13. *We regularly introduce new products, schemes for our customers, and there can be no assurance that our new products will be profitable in the future.***

We regularly introduce new products and schemes to expand our customer base. We may incur costs to promote our new range of products and schemes and cannot guarantee that such new products and schemes will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements. If we fail to develop and launch these products and schemes successfully, we may lose a part or all of the costs incurred in development and promotion or discontinue these products and schemes entirely, which could in turn adversely affect our business and results of operations.

- 14. *Our Company's business requires fund regularly and any disruption in the sources of our funding or an increase in the average cost of borrowings could have a material adverse effect on our business and financial condition***

Our Company's liquidity and ongoing profitability are, to a large extent, dependent upon its timely access

to, and the costs associated with, raising capital. Our Company's funding requirements are met through a combination of borrowings such as term loans, working capital limits from banks, issuance of commercial papers and non-convertible debentures, securitising its loan portfolio, as well as by raising equity. Thus, our Company's business growth, liquidity and profitability depends and will continue to depend on its ability to access diversified, relatively stable and low-cost funding sources as well as our Company's financial performance, capital adequacy levels, credit ratings and relationships with lenders. Any adverse developments or changes in applicable laws and regulations which limit our Company's ability to raise funds through securitisation or direct assignment transactions or through private placements of non-convertible debentures can disrupt its sources of funding and as a consequence, could have a material adverse effect on our Company's liquidity and financial condition. Our growth strategy and strengthening new product and service offerings will have an impact on our long term capital requirements.

Our total outstanding long term borrowings was ₹ 16,813.42 million as at December 31, 2017 and ₹ 6,646.75 million as at March 31, 2017. An amount of ₹ 2,792.73 million is due for repayment in the next 12 months as on December 31, 2017. In order to make these payments, our Company will either need to refinance this debt, which may prove to be difficult in the event of volatility in the credit markets, or alternatively, raise equity capital or generate sufficient revenue to retire the debt. There can be no assurance that our Company's business will generate sufficient cash to enable it to service its existing debt or to fund its other liquidity needs.

Our Company's ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the credit markets, the strength of the lenders from which our Company borrows, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our Company's financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that impacts the availability of credit may increase our Company's cost of funds and make it difficult for our Company to access financing in a cost-effective manner. A disruption in sources of funds or increase in cost of funds as a result of any of these factors may have a material adverse effect on our Company's liquidity and financial condition.

- 15. *We may be subject to periodic inspections by the RBI. Non-compliance with the RBI observations made during any such inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

Our Company, being an NBFC-ND-SI, is subject to periodic inspection by the RBI under the provisions of the RBI Act, 1934 (the "RBI Act"). However, till date we have not been subject to any inspection by the RBI.

- 16. *The financing industry is becoming increasingly competitive with significant presence of public and private sectors banks that have extensive branch networks as well as NBFCs, cooperative banks and other financial service companies. Increasing competition may result in declining margins and market shares.***

The sector in which our Company operates in is highly competitive and our Company faces significant competition from banks and other NBFCs. Many of its competitors are large institutions, which may have larger customer base, funding sources, branch networks and capital compared to our Company and they could compete with us for business as well as procurement of funds at competitive rates. Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margin. Our margins depend on our ability to raise low-cost funding in the future. Certain of our Company's competitors may be more flexible and better-positioned to take advantage of market opportunities. As a result of this increased competition, loans are becoming increasingly standardised and terms such as variable (or floating) rate interest options, lower processing fees and frequent resets are becoming increasingly common in the Indian financial sector. Furthermore, the spread between the lowest and the highest rate of interest offered by various lenders continues to reduce. This competition is likely to intensify further as a result of regulatory changes and market liberalisation. These competitive pressures affect the industry in which our Company operates in as a whole, and our Company's future success will depend, to a large extent, on its ability to respond in an effective and timely manner to these competitive pressures. There can be no assurance that our Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive financial sector. Competition in our industry also depends on, among other things, the evolution of government policies relating to the industry, the

entry of new participants into the industry and the extent to which there is consolidation among banks and financial institutions in India. Increasing competition may have an adverse effect on our net interest margin and other income, and if we are unable to compete successfully, our market share may decline. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing peers. Increasing competition may adversely affect our net interest margin, income and market share.

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

A significant portion of our Company's funding requirements is met through long-term and medium-term funding sources such as bank loans and non-convertible debentures. Our short-term funding requirements are met through working capital demand loans, cash credit, commercial paper and other short term loans.

Our Company may face potential liquidity risks due to varying periods over which our Company's assets and liabilities mature. Our Company's inability to obtain additional credit facilities or renew its existing credit facilities in a timely and cost-effective manner to meet its maturing liabilities, or at all, may lead to gaps and mismatches between its assets and liabilities, which in turn may adversely affect our Company's liquidity position, and in turn, its operations and financial performance.

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. As is typical for NBFCs, we maintain diverse sources of funding to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by raising long-term borrowings, short term borrowings proceeds from securitization and equity issuances.

Our liquidity position may be adversely affected and we may be required to pay higher interest rates in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

The following table describes the ALM of our Company over the past 3 years:

For FY 2016-2017

| Particulars                     | Liabilities           |                        | Assets           |             |
|---------------------------------|-----------------------|------------------------|------------------|-------------|
|                                 | Borrowings from banks | Borrowings from others | Advances         | Investments |
| 1 day to 30/31 days (One month) | 279.63                | 146.49                 | 696.85           | -           |
| Over One month to 2 months      | 203.71                | 366.23                 | 940.71           | -           |
| Over 2 months upto 3 months     | 915.40                | 219.74                 | 1,689.55         | -           |
| Over 3 months to 6 months       | 380.21                | 750.00                 | 1,281.17         | -           |
| Over 6 months to 1 year         | 760.42                | 250.00                 | 2,504.18         | -           |
| Over 1 year to 3 years          | 3,041.67              | -                      | 2,990.30         | -           |
| Over 3 years to 5 years         | 1,286.91              | 2,058.17               | 1,252.53         | -           |
| Over 5 years                    | -                     | 260.00                 | 3,381.27         | -           |
| <b>Total</b>                    | <b>6,867.95</b>       | <b>4,050.64</b>        | <b>14,736.56</b> | <b>-</b>    |

For FY 2015-2016

| Particulars                     | Liabilities           |                        | Assets           |             |
|---------------------------------|-----------------------|------------------------|------------------|-------------|
|                                 | Borrowings from banks | Borrowings from others | Advances         | Investments |
| 1 day to 30/31 days (One month) | 25.00                 | -                      | 286.87           | -           |
| Over One months to 2 months     | -                     | 43.33                  | 263.73           | -           |
| Over 2 months upto 3 months     | 52.08                 | 173.84                 | 1,760.23         | -           |
| Over 3 months to 6 months       | 77.08                 | 168.94                 | 1,256.75         | -           |
| Over 6 months to 1 year         | 792.54                | 2,000.00               | 2,470.74         | -           |
| Over 1 year to 3 years          | 2,450.00              | 1,000.00               | 1,058.35         | -           |
| Over 3 years to 5 years         | 1,846.85              | 2,000.00               | 1,569.04         | -           |
| Over 5 years                    | -                     | 140.00                 | 5,293.78         | -           |
| <b>Total</b>                    | <b>5,243.55</b>       | <b>5,526.11</b>        | <b>13,959.49</b> | <b>-</b>    |

For FY 2014-2015

| Particulars                     | Liabilities           |                        | Assets          |             |
|---------------------------------|-----------------------|------------------------|-----------------|-------------|
|                                 | Borrowings from banks | Borrowings from others | Advances        | Investments |
| 1 day to 30/31 days (One month) | -                     | -                      | 79.17           | -           |
| Over One months to 2 months     | -                     | -                      | 89.93           | -           |
| Over 2 months upto 3 months     | -                     | -                      | 89.05           | -           |
| Over 3 months to 6 months       | 100.00                | -                      | 325.10          | -           |
| Over 6 months to 1 year         | -                     | -                      | 783.80          | -           |
| Over 1 year to 3 years          | 250.00                | 250.00                 | 1,765.72        | -           |
| Over 3 years to 5 years         | 250.00                | -                      | 554.07          | -           |
| Over 5 years                    | -                     | -                      | 1,827.70        | -           |
| <b>Total</b>                    | <b>600.00</b>         | <b>250.00</b>          | <b>5,514.56</b> | <b>-</b>    |

18. *We do not own the premises in which our registered office is situated and is on leave and license basis. In the event we lose such right to use, our business activities may be disrupted.*

At present we do not own the premise where our registered office is located. Our registered office is located on a premise which is owned by one of our group companies, Edelweiss Commodities Services Limited (“ECSL”) and is used by our Company on a rental basis, pursuant to a Memorandum of Understanding (“MoU”) with ECSL, for usage of space and facilities management, with effect from April, 1, 2017. The MoU is subject to review on an annual basis and incorporates the terms in relation to the rent payable for the premise. Further, the MoU is not registered as per the requirements of Section 17 of the Registration Act, 1908. In the event that the MOU is not renewed it may disrupt our operations.

19. *We do not own the premises where our branch offices are located and in the event our rights over the properties is not renewed or is revoked or is renewed on terms less favourable to us, our business activities may be disrupted.*

At present we do not own the premises of any of our branch offices. In the event the owner of the premises revokes the consent granted to us or fails to renew the tenancy or renews the tenancy on less favourable terms, we may suffer disruption in our operations.

20. *We do not have certain licences for some of our branch offices. In the absence of these statutory licenses, we may not be able to carry on our operations in future which may affect our performance or we may have to face penalties and other action by the relevant authorities.*

While we have obtained a significant number of approvals, licences, registrations and permits from the relevant authorities, we are yet to receive or apply for few approvals, licenses, registrations and permits. We cannot assure you that we will receive these approvals and clearances in time or at all. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could adversely affect our related operations. Furthermore, under such circumstances, the relevant authorities may restrain our operations, impose fines or penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all.

21. *Our business is dependent on relationships with our clients established through, amongst others, our branches. Closure of branches or loss of our key branch personnel may lead to damage to these relationships and a decline in our revenue and profits.*

Our business is dependent on the key branch personnel who directly manage client relationships. We encourage dedicated branch personnel to develop long-term client relationships and build a trust based business environment. While no branch manager or group of branch managers can affect our business on their own, our business may suffer materially if a substantial number of branch managers either become



ineffective or leave our Company.

**22. *Our growth in profitability depends on the continued growth of our loan portfolio.***

Our results of operations depend on a number of internal and external factors, including changes in demand for our products, the competitive landscape, our ability to expand geographically and diversify our product offerings, and the size of our loan portfolio. Changes in market interest rates could impact the interest rates charged on our interest-earning assets in a way different to its effect on the interest rates paid on our interest-bearing liabilities, and thus affecting the value of our investments. We cannot assure that we will be able to expand our existing business and operations successfully, or that we will be able to retain existing personnel or to hire and train new personnel to manage and operate our expanded business.

**23. *Our contingent liabilities could adversely affect our financial condition.***

In relation to securitisation transactions undertaken by our Company, the outstanding corporate guarantees as on March 31, 2017 and December 31, 2017 is ₹ 322.58 million and ₹ 328.98 million respectively. Our Company had NIL contingent liabilities as on March 31, 2017 and December 31, 2017. For further details, please refer to the chapter “*Financial Statements*” on page 153 of this Prospectus.

**24. *Our indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire.***

As of December 31, 2017, we had outstanding secured borrowings of ₹ 19,481.52 million and unsecured borrowings of ₹ 2,584.06 million (includes long term borrowings, short term borrowings and current maturities of long term secured debt) and we will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our standard business receivables.

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, amongst others, the following matters: to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year, to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking, to amend its MOA and AOA, etc. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. Further, our lenders may recall certain short-term demand loans availed of by us at any time. For details relating to our borrowings please see the section titled “*Financial Indebtedness*” beginning on page 155 of this Prospectus.

**25. *We may be required to change our statutory auditors, Price Waterhouse Chartered Accountants LLP pursuant to the order dated January 10, 2018 issued by SEBI.***

Price Waterhouse Chartered Accountants LLP (“Price Waterhouse”) are the current Statutory Auditors of our Company, appointed at the annual general meeting of our Company held on August 29, 2017, for a period of 5 years from FY 2017-2018 till the date of the annual general meeting of our Company to be held in the year FY 2021-2022. Our Statutory Auditors form part of the Price Waterhouse network of firms in India (“PW Network”). Recently, SEBI by its order dated January 10, 2018, in connection with the involvement of one of the other PW Network firms as auditors in the audit of Satyam Computer Services Limited (“SEBI Order”), among other things, (i) prohibited entities/firms practicing as chartered accountants in India under the brand and banner of Price Waterhouse from directly or indirectly issuing any certificate of audit of listed companies, compliance of obligations of listed companies and intermediaries registered with the SEBI under certain laws including the SEBI Act and the Companies Act for two years; and (ii) prohibited listed companies and intermediaries registered with SEBI from engaging any audit firm forming a part of the PW Network for issuing any certificate with respect to compliance of statutory obligations which the SEBI is competent to administer and enforce for various laws for two years. The SEBI Order further states that it shall come into force with immediate effect but for the removal of operational difficulties, the SEBI Order shall not impact the audit assignments relating to Fiscal 2018

undertaken by firms forming part of the Price Waterhouse network. Accordingly, the ban does not impact the ability of Price Waterhouse to continue as statutory auditors of our Company for Fiscal 2018. The PW Network has filed an appeal against the SEBI Order on January 17, 2018 before the Securities Appellate Tribunal (“SAT”). The appeal has been heard in the month of February 2018. SAT had on 19th February 2018 allowed PW Network to continue statutory audits and other related certificate work for existing clients till 31 March 2019, or till the final disposal of the matter by SAT, whichever is earlier. We are currently analyzing the implications of the SEBI Order. Post March 31, 2018 our Company would evaluate the continuance of Price Waterhouse as our Company’s statutory auditors, as per applicable law. If we change our statutory auditors, such change may require, the approval of the shareholders through a special resolution and/ or any other approvals as required under law. We cannot assure you that we will be able to change our Statutory Auditors, if required to do so, in a timely manner and a sudden change in the Statutory Auditors may be disruptive to our business and divert management attention.

- 26. *Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.***

Our ability to sustain the rate of growth depends significantly upon selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated with our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers is critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven. Moreover, competition for experienced employees can be intense. While we have an incentive structure, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

- 27. *We may not be able to successfully sustain our growth rate.***

In recent years, our growth has been fairly substantial. The CAGR of the Loan Book of our Company was 187%, from Fiscal 2014 to Fiscal 2017. There can be no assurance that we will be able to sustain our growth plan successfully or that we will be able to expand further or diversify our product portfolio. If we grow our Loan Book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition. A principal component of our Company’s strategy is to continue diversifying the development of its new portfolio of products to suit customers’ needs. This growth strategy will place significant demands on our Company’s management, financial and other resources and will require our Company to continuously develop and improve its operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our Company’s culture, values and entrepreneurial environment as well as developing and improving our Company’s internal administrative infrastructure.

We also face a number of operational risks in executing our growth strategy. We have experienced growth in our SME finance and LAP businesses. Our rapid growth exposes us to a wide range of increased risks, including business and operational risks, such as the possibility of growth of NPAs, fraud risks and regulatory and legal risks.

Our ability to sustain our rate of growth also significantly depends upon our ability to recruit trained and efficient personnel and retain key managerial personnel, maintain effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to

train our employees properly may result in an increase in employee attrition rates, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

**28. *Our Company's growth will depend on our Company's continued ability to access funds at competitive rates which is dependent on a number of factors including our Company's ability to maintain its credit ratings.***

As our Company is an NBFC-ND-SI in terms of applicable RBI regulations, its liquidity and ongoing profitability are primarily dependent upon its timely access to, and the costs associated with raising capital. Our Company's business is significantly dependent on funding from the debt capital markets and commercial borrowings. The demand for such funds is competitive and our Company's ability to obtain funds at competitive rates will depend on various factors including our Company's ability to maintain positive credit ratings.

We have received 'CRISIL AA/Stable', 'ICRA AA/Stable', 'CARE AA/Stable', 'SMERA AA/Stable' and 'BWR AA+/Stable' long term debt credit rating by CRISIL, ICRA, CARE, SMERA and Brickwork respectively. In addition, we have A1+ short term debt credit rating from CRISIL, ICRA and CARE. These ratings indicate the high degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Any downgrade in our credit ratings may increase interest rates for refinancing of our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, results of operations and financial condition.

As an NBFC, our Company also faces certain restrictions on its ability to raise money from international markets which may further constrain its ability to raise funds at attractive rates. While our Company's borrowing costs have been competitive in the past due to its ability to raise debt products, credit rating and our Company's asset portfolio, our Company may not be able to offer similar competitive interest rates for its loans if our Company is unable to access funds at an effective cost that is comparable to or lower than its competitors. This may adversely impact our Company's business and results of operations.

**29. *We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties, which could harm our results of operations and financial position.***

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees, inadequate training and operational errors, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training.

In order to prevent frauds in loan cases involving multiple lending from different banks or HFCs or NBFCs, the GoI has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under Section 20 of the SARFAESI Act 2002 in order to create a central database of all mortgages given by and to lending institutions. We are registered with CERSAI and we submit the relevant data to the CERSAI from time to time. We also take services of field investigation agencies to verify information submitted by our prospective customers. However, there can be no assurance that these measures will be effective in preventing frauds.

We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance.

Further, all loan documentation, including original security documents, are kept under custody of professional service provider. Loss of the original documents could impede enforcement of our security interest and expose us to liability towards our customers.

**30. *We may be required to bear additional tax liability for previous assessment years, which could adversely affect our financial condition.***

According to extant guidelines from the RBI, an NBFC is not permitted to recognise income if the amount due in respect of a loan has not been paid by the borrower for 90 days or more and such amount is considered an NPA. However, under section 43D read with rule 6EB of the Income Tax Rules, the definition of an NPA under the Income Tax Act is different from that provided by extant guidelines of the RBI in force at present.

While we have been following the guidelines of the RBI on income recognition, if the interpretation of the income tax department is different to ours, we may be required to bear additional tax liabilities for previous assessment years, as well as an increased tax liability in the future as a result of our income being recognized by the income tax department at a higher level than the income offered for taxation under the guidelines set out by the RBI.

**31. *Our insurance coverage may not adequately protect us against losses which could adversely affect our business, financial condition and results of operations.***

We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general insurance for directors and officer's liability insurance, office package policy, bodily injury policy, property damage liability policy, personal and advertising liability policy, medical payments policy, monetary/financial loss on account of profession/vicarious liability policy, group personal accident policy and group life protection policy. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition and results of operations.

**32. *Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Although we have established these policies and procedures, they may not be fully effective.

**33. *A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operation and financial condition. Further, we face the threat of fraud and cyber attacks, such as hacking, phishing, trojans and other threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal company data or customer information.***

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 or other data processing systems and management information

systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations.

Our systemic and operational controls may not be adequate to prevent adverse impact from cyber fraud, errors, hacking and system failures. Further, our mobile and internet based customer applications and interfaces may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – where attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – where cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (d) advanced persistency threat – network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time. The intention of this attack is to steal our data or information rather than to cause damage to our network or organization. Attempted cyber threats fluctuate in frequency and are generally increasing in frequency. If we suffer from any of such cyber threats, it could materially and adversely affect our business, financial condition and results of operations.

A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss. It may also impact our customers' loyalty and satisfaction.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third party. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability. The occurrence of any such events may adversely affect our business, results of operation and financial condition.

**34. *We depend on the accuracy and completeness of information provided by our potential borrowers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.***

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuer and advocates. We may not in certain instances receive information regarding any change in the financial condition of our customers, or in certain cases our customers may provide inaccurate or incomplete information to us for whatever reason on their part. The lack of availability of information in connection with our customers may make it difficult for us to take an informed decision with regard to providing financial facilities to such persons and the attendant risk exposure in connection therewith. This may increase the likelihood of an increase in the level of NPAs, which would adversely affect our operations and profitability. To further verify the information provided by potential borrowers, we conduct searches on various credit bureau for creditworthiness of our borrowers. We also verify information with registrar and sub-registrar of assurances for encumbrances on collateral.

We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by RBI mandating the policies of NBFCs to have certain key elements, including, *inter-alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, our Company has a well-established and streamlined credit appraisal process. We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a NPA on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

We cannot assure you that information furnished to us by potential borrowers and analysis of the information by independent valuer or the independent searches conducted by us with various credit bureau and RBI will be accurate, and our reliance on such information given by potential borrowers may affect

our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

**35. *Our results of operations could be adversely affected by any disputes with employees.***

As on December 31, 2017, we employed 556 full-time employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

**36. *We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.***

We continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, we are likely to compete with other banks and financial institutions that have an established presence which are more familiar with local regulations, business practices and customs and have stronger relationships with customers.

Our business may be exposed to various additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

**37. *Any change in control of our Promoters or our Company or any other factor affecting the business and reputation of our Promoters may have a concurrent adverse effect on our Company's reputation, business and results of operations and may correspondingly adversely affect our goodwill, operations and profitability.***

As on the date of this Prospectus, our Promoters hold 100 % of our paid up share capital. Our Company is dependent on the goodwill and brand name of the Edelweiss Group. Our Company believes that this goodwill contributes significantly to its business. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. There can be no assurance that the "Edelweiss" brand, which our Company believes is a well recognised brand in India, will not be adversely affected in the future by events or actions that are beyond our Company's control, including customer complaints, developments in other businesses that use this brand or adverse publicity from any other source.

If our Promoters cease to exercise majority control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name "Edelweiss" and our goodwill as a part of the Edelweiss Group of companies may be adversely affected, which in turn could adversely affect our business and results of operations.

In the event Edelweiss Group is unable to maintain the quality of its services or its goodwill deteriorates, our Company's business and results of operations may be adversely affected. Any failure to retain our Company name may deprive us of the associated brand equity that we have developed which may have a material adverse effect on our business and results of operations.

Any disassociation of our Company from the Edelweiss Group and/or our inability to have access to the infrastructure provided by other companies in the Edelweiss Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

**38. *Our Promoters, Directors and related entities have interests in a number of entities, which are in businesses similar to ours and this may result in potential conflicts of interest with us.***

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, and Directors. Our Promoters, Directors and related entities have interests in various entities that are engaged in businesses similar to ours.

Commercial transactions in the future between us and related parties could result in conflicting interests. A conflict of interest may occur directly or indirectly between our business and the business of our Promoters which could have an adverse effect on our operations. Conflicts of interest may also arise out of common business objectives shared by us, our Promoters, Directors and their related entities. Our Promoters, Directors and their related entities may compete with us and have no obligation to direct any opportunities to us. We cannot provide any assurance that these or other conflicts of interest will be resolved in an impartial manner.


- 39. *Our Company and our Promoters are involved in certain legal and other proceedings and there can be no assurance that our Company and our Promoters will be successful in any of these actions. In the event our Company is unsuccessful in litigating any of the disputes, its business and results of operations may be adversely affected.***

We are involved in certain legal proceedings in the ordinary course of our business such as consumer disputes, debt-recovery proceedings, income tax proceedings and civil disputes. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

Although we intend to defend or appeal any adverse order in relation to these proceedings, we will be required to devote management and financial resources in their defence or prosecution. If a significant number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be an adverse impact on our reputation, business, results of operations and financial condition. There can be no assurance that a significant portion of these disputes will not be determined against our Company or that our Company will not be required to pay all or a portion of the disputed amounts or that it will be able to recover amounts for which our Company has filed recovery proceedings. In addition, even if our Company is successful in defending such cases, it will be subject to legal and other costs relating to defending such litigation, and such costs may be substantial. Further, there can be no assurance that similar proceedings will not be initiated against our Company in the future.

For further details in relation to legal proceedings, see the section titled “*Outstanding Litigations and Defaults*” on page 179 of this Prospectus.

- 40. *We do not own the trademarks we use and thus enjoy limited legal protection and our ability to use the trademark and logo may be impaired.***

Our logo is not owned by us. We have been permitted to use the Edelweiss  logo as our logo by EFSL pursuant to the Trademark License Agreement dated February 29, 2016. Any withdrawal of this permission by EFSL may result in us being unable to use the aforementioned design as part of our logo which could have a material adverse effect on our reputation, goodwill, business, results of operations and financial condition.

- 41. *We have entered into related party transactions and may continue to enter into related party transactions, which may involve conflict of interest.***

We have entered into related party transactions, within the meaning of AS 18 as issued by the Companies (Accounting Standards) Rules, 2006. 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. For further details, please refer to statement of related party transactions in ‘*Financial Statements*’ beginning on page 153 of this Prospectus.

**42. *Our Company may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.***

Our Company is required to comply with applicable anti-money-laundering (“AML”) and anti-terrorism laws and other regulations in India. Our Company, in the course of its operations, runs the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls customary in India to prevent the occurrence of these risks. Our Company has in place Know Your Customer & Anti Money Laundering Policy which was approved on November 02, 2017 (the Policy). The Policy seeks to establish the following: (i) to lay down criteria for ‘customer acceptance’ and establish the ‘Customer Acceptance Policy’; (ii) risk management which includes risk categorization and risk based approach to customer assessment; (iii) to lay down criteria for customer identification procedures and customer due diligence procedures; (iv) to establish procedures for monitoring of transactions and ongoing due diligence of transactions as may be applicable; and (v) to develop measures for educating employees and customers in regard to KYC. We regularly share information with the regulators and other government agencies such as with the Financial Intelligence Unit, Central KYC Records Registry and as required under Foreign Account Tax Compliance Act and Common Reporting Standards. Although our Company believes that it has adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that our Company will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report. Our Company, in certain of its activities and in pursuit of its business, runs the risk of inadvertently offering its financial products and services ignoring customer suitability and appropriateness despite having a KYC and AML policies and associated processes in place. Such incidents may adversely affect our Company’s business and reputation. If any party uses or attempts to use us for money laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with the applicable legal requirements, our reputation could suffer and could result in a material adverse effect on our business, financial condition, reputation and results of operations.

**43. *Our Company may be exposed to fluctuations in the market values of its investment and other asset portfolio***

The financial markets' turmoil have adversely affected economic activity globally including India. Continued deterioration of the credit and capital markets may result in volatility of our Company’s investment earnings and impairments to our Company’s investment and asset portfolio. Further, the value of our Company’s investments depends on several factors beyond its control, including the domestic and international economic and political scenario, inflationary expectations and the RBI’s monetary policies. Any decline in the value of the investments could negatively impact our Company’s financial condition.

**44. *Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, with which investors may be more familiar. Further, our Company will be subject to a number of new accounting standards as part of its transition to IND (AS) that may significantly impact its financial statements in future reporting periods***

Our Reformatted Financial Information and the Unaudited Interim Financial Statements of our Company included in this Prospectus prepared in accordance with the Companies Act and the SEBI Debt Regulations read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013. The Reformatted Financial Information has been prepared from the Audited Financial Statements. The Audited Financial Statements and the Unaudited Condensed Interim Financial Statements of the Company have been prepared in accordance with Indian GAAP.

Indian GAAP differs in certain significant respects from IFRS and other accounting principles and standards. Our Company has not made any attempt to quantify the impact of IFRS on the financial data included in this Prospectus, nor does our Company provide a reconciliation of its financial statements to those of IFRS. Indian GAAP differs from accounting principles with which the prospective investors may be familiar in other countries, including IFRS. Accordingly, the degree to which the Reformatted Financial Information and the Unaudited Interim Financial Statements included in this Prospectus will provide



meaningful information is entirely dependent on the investor's level of familiarity with Indian GAAP, Companies Act and SEBI Debt Regulations. Any reliance by persons not familiar with Indian GAAP, Companies Act and SEBI Debt Regulations on the financial disclosures presented in this Prospectus should accordingly be limited.

The Companies (Indian Accounting Standards) Rules, 2015 ("IAS Rules"), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide all NBFCs having a net worth of more than ₹ 5,000 million are required to mandatorily adopt IND (AS) for the accounting period beginning from 1 April 2018 with comparatives for the period ending on 31 March 2018. Our Company qualifies to be a NBFC as the above IAS Rules.

As there is not yet a significant body of established practice, such as interpretations of the new accounting standards, on which to draw in forming judgments regarding the new system's implementation and application, our Company has not determined with any degree of certainty the impact such adoption will have on its financial reporting. However, the IND (AS) accounting standards will change its methodology for estimating allowances for probable loan losses, amongst others. They may require our Company to value its NPAs by reference to their market value (if a ready market for such loans exists) or to calculate the present value of the expected future cash flows realisable from its loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for probable loan losses. This may result in our Company recognising higher allowances for probable loan losses in the future.

As a result, there can be no assurance that our Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND (AS) than under Indian GAAP. Our Company's management may also have to divert significant time and additional resources in order to implement IND (AS) on a timely and successful basis. Moreover, there is increasing competition for the small number of IND (AS) experienced accounting personnel available as more Indian companies (including NBFCs) begin to prepare IND (AS) financial statements. There can be no assurance that our Company's adoption of IND (AS) will not adversely affect its reported results of operations or financial condition in the future and any failure to successfully adopt IND (AS) may impact our Company's business, financial condition and results of operations in the future.

**45. *Certain facts and statistics are derived from publications not independently verified by our Company, the Lead Managers or their respective advisors***

The information in the section titled "Industry Overview" of this Prospectus has been derived from the report titled "CRISIL Research – Assessment of various financial products dated February 2018". While our Company has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by our Company, the Lead Managers or their respective advisors and, therefore, they make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics in this Prospectus may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

**46. *Our lending operations involve cash collection which may be susceptible to loss or misappropriation or fraud by our employees. This may adversely affect our business, operations and ability to recruit and retain employees.***

Our lending and collection operations involve handling of cash, including collections of instalment repayments in cash in certain cases. Cash collection exposes us to risk of loss, fraud, misappropriation or unauthorised transactions by our employees responsible for dealing with such cash collections. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorised transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects and future financial performance. In addition, given the high volume of transactions involving cash processed by us, certain instance of fraud and misconduct by our employees or representatives may go unnoticed for some time before they are identified and corrective actions are taken.

Even when we identify instance of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. While we have internal control in place to minimise the likelihood of such frauds, there can be no assurance that these are sufficient and will be so in the future.

In addition to the above, our employees operating in remote areas may be required to transport cash due to lack of local banking facility. In the event of any adverse incident, our ability to continue operations in such areas will be adversely affected and our employee recruitment and retention efforts may be affected, thereby affecting our growth and expansion. In addition, if we determine that certain areas of India pose a significantly higher risk or crime or instability, our ability to operate in such areas will be adversely affected.

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

We enter into outsourcing arrangements with third party vendors for a number of services required by us. These vendors provide services, which include, among others, software services and client sourcing. Though adequate due diligence is conducted before finalizing such outsourcing arrangements, we cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. We may also suffer from reputational and legal risks if our third-party service providers act unethically or unlawfully or misrepresent or mis-sell our products and services, which could materially and adversely affect our business, financial condition and results of operations.

**48. *We rely on DSAs to sell our products across the country. These DSAs may not perform their obligations satisfactorily or in compliance with law or may be part of unlawful/unethical behavior which may adversely affect the business and reputation of our Company.***

We enter into direct selling arrangements with DSAs for the purpose of marketing and selling our products across India. As on the date of this Prospectus we have agreements with approximately 752 persons/entities who act as our DSAs. Although adequate due diligence is conducted before entering into any DSA arrangement with any person, we cannot guarantee that there shall be no disruptions in the provision of their services to our Company or that these DSAs will adhere to their contractual obligations. If there is a disruption in the services of these DSAs, or if the DSAs discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute between our Company and the DSAs, we cannot assure you that the terms of the agreements/arrangements entered into with the DSAs will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with other DSAs, may materially and adversely affect our business, financial condition and results of operations. Further, our DSAs or the personnel they employ may be engaged in unethical or unlawful behaviour or they may misrepresent or mis-sell our products and services. Due to this, we may also suffer from reputational and legal risks and these actions may materially and adversely affect our business, financial condition and results of operations.

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

A significant number of our customers are located in the rural and semi-urban markets in India, which may have limited infrastructure, particularly for transportation, electricity and internet bandwidth. We also may face difficulties in conducting operations, transporting our personnel and equipment and implementing technology measures in such markets. There may also be increased costs in conducting our business and operations, implementing security measures and expanding our advertising. We cannot assure you that such costs will not be incurred or will not increase in the future as we expand our network in rural and semi urban markets and such increased costs could adversely affect our profitability.

**50. *The new Bankruptcy Code in India may affect our rights to recover loans from borrowers.***

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

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

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor’s assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the central 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 the borrowers of our Company, it may affect our Company’s ability to recover our loans from the borrowers and enforcement of our Company’s rights will be subject to the Bankruptcy Code.

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

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

**52. *Our Company, our Promoters and certain of our group companies have availed or may avail of certain loans that are recallable by lenders, at any time.***

Our Company, our Promoters and certain of our group companies have availed or may avail of loans that are repayable on demand at any time by the relevant lenders. Any such unexpected demand for immediate repayment may have a material adverse effect on the business, cash flows and financial condition of the entity against which repayment is sought.

**53. *Our Promoters will continue to retain control over our Company after completion of the Issue, which will allow it to control the outcome of matters submitted for approval of shareholders.***

Our Promoters will continue to hold 100% of our equity share capital. As a result, it will have the ability to influence matters requiring shareholders’ approval, including the ability to appoint directors to our Board and the right to approve significant actions at Board and at shareholders’ meetings, including the issue of equity shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association and any assignment or transfer of our interest in any of our licenses. We cannot assure you that our Promoters

will always act in the best interests of our Company and any such actions on parts of our Promoters may adversely affect our ability to execute our business strategy or to operate our business.

**54. *We have securitised our assets and we have provided corporate guarantee as first loss credit enhancement. Any defaults in the assets could trigger payouts under the first loss corporate guarantee.***

We undertake securitisation and direct assignment of our assets. As of December 31, 2017, we have ₹ 1,484.01 million outstanding under securitisation/direct assignment transactions for which we have provided credit enhancement in the form of corporate guarantee of our Company to the extent of ₹ 328.98 million for securitization transaction. In the event that there are any delinquencies in the assets securitised, we may be required to make payments under the corporate guarantee provided as first loss credit enhancement. Further, we have undertaken contractual obligations as servicer of the securitised/assigned assets. Any failure on our part to make adequate collections could expose us to contractual liability (damages for contractual breach, indemnities etc) to the trustees of the securitisation trust(s) and assignors under direct assignment transactions.

**Risks pertaining to this Issue**

**55. *If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.***

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a Debenture Redemption Reserve out of the profits of the company available for payment of dividend until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014 states that our Company shall create Debenture Redemption Reserve and 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue as per present SEBI Debt Regulations. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the NCDs. Further, every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely:(i) in deposits with any scheduled bank, free from any charge or lien;(ii) in unencumbered securities of the Central Government or of any state government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

**56. *Changes in interest rates may affect the price of our NCDs.***

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk issue. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities tend to fall and when interest rates drop, the prices tend to increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

**57. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.***

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors *inter-alia* including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs

and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100.00% asset cover for the NCDs, on a *pari passu* basis with existing creditors of our Company, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

- 58. *There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchanges. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Prospectus.

There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

- 59. *Our Company, in the ordinary course of business may avail further borrowings and/or retire some of our Company's existing debt. The debt position of our Company may therefore undergo a change in between the period from filing of this Prospectus and the listing of the NCDs.***

Our Company's borrowing comprises of borrowings from financial institutions, issue of debt securities, commercial papers, etc. During the period from the date of filing of Prospectus till the listing of the NCDs, depending on prevailing market conditions and other commercial considerations, in the ordinary course of business, our Company may retire some of its existing borrowings and may replace the same by way of issuance of commercial papers or draw upon existing cash credit facilities from banks. Further, during this period, our Company may raise further debt (other than by way of issuance of debentures) in compliance with applicable law to meet ordinary business requirements. In case of any such further borrowing undertaken or retirement of its existing debt by our Company, during this period, the debt position of our Company, may undergo a change compared to the debt position as on December 31, 2017, as disclosed in this Prospectus.

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the NCD Holders will rank *pari passu* with other charge holder and to that extent, may reduce the amounts recoverable by the NCD Holders upon our Company's bankruptcy, winding-up or liquidation.

- 60. *Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.***

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per the Companies Act and the Bankruptcy Code. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

- 61. *You may be subject to taxes arising on the sale of the NCDs.***

Sales of NCDs by any holder may give rise to tax liability, as discussed in section titled 'Statement of Tax Benefits' on page 67 of this Prospectus.

- 62. *There may be no active market for the non-convertible debentures on the WDM segment of the stock exchange. As a result, the liquidity and market prices of the non-convertible debentures may fail to***

*develop and may accordingly be adversely affected.*

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors *inter alia* including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country; (ii) the market for listed debt securities; (iii) general economic conditions; and (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

**63. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of our Company. For further details, see the section titled “*Objects of the Issue*”. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

**64. *There may be a delay in making refund to Applicants.***

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (ii) withdrawal of the Issue, or (iii) failure to obtain the final approval from the NSE and/or BSE for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

**65. *Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.***

The NCDs proposed to be issued under this Issue have been rated ‘CRISIL AA/Stable’ (pronounced as “CRISIL double A rating with stable outlook”) for an amount of ₹ 5,000 million, by CRISIL *vide* its letter dated February 5, 2018 as revalidated by CRISIL *vide* its letter dated February 23, 2018; and [ICRA]AA (pronounced as ICRA double A) with stable outlook, for an amount of upto ₹5,000 million, by ICRA *vide* its letter dated February 2, 2018 as revalidated by ICRA *vide* its letter dated February 19, 2018. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations.

**66. *Securities on our NCDs rank pari passu with our Company’s secured indebtedness.***

Substantially all of our Company’s current assets represented mainly by the Loan receivables are being used to secure our Company’s debt. As at December 31, 2017, our Company’s secured borrowing was ₹ 19,481.52 million. Securities on our NCDs will rank *pari passu* with any of our Company’s secured obligations with respect to the assets that secure such obligations. The terms of the NCDs do not prevent our Company from incurring additional debt. In addition, the NCDs will rank *pari passu* to the existing and future indebtedness and other secured liabilities and obligations of our Company.

**67. *This Prospectus includes Unaudited Interim Financial Statements of the Company, which has been subjected to limited review, in relation to our Company and reliance on such information should, accordingly, be limited.***

This Prospectus includes Unaudited Interim Financial Statements in relation to our Company, as of and for the nine months period ended December 31, 2017, in respect of which the Statutory Auditors of our Company have issued their Limited Review Report dated February 16, 2018. With respect to the Unaudited

Condensed Interim Financial Statements of our Company for the nine months period ended December 31, 2017 included in this Prospectus, our Statutory Auditors have reported that they have applied limited procedures in accordance with professional standards for a review of such Unaudited Condensed Interim Financial Statements. However, their separate report dated February 16, 2018 appearing herein states that they did not audit and they do not express an audit opinion on the Unaudited Interim Financial Statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Moreover, our financial results for any given fiscal quarter or period, including for the nine month period ended December 31, 2017, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such Unaudited Interim Financial Statements in conjunction with the Reformatted Financial Information provided elsewhere in this Prospectus.

## **External Risk Factors**

### ***68. A slowdown in economic growth in India may adversely affect our business, results of operations and financial condition.***

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in India, and we intend to continue to develop and expand our facilities in India.

Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely affect our business, results of operation and financial condition.

### ***69. The growth rate of India's non-banking finance industry may not be sustainable.***

We expect the non-banking finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect India's non-banking finance industry. In addition, there can be no assurance that these industries in India are free from systemic risks. Consequently, there can be no assurance that the growth and development being witnessed of later will be sustainable.

### ***70. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.***

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties in recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

### ***71. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect our business and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect our business.

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

**72. *Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

**73. *Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, our ability to raise financing for onward lending and the price of our NCDs.

**74. *Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.***

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

**75. *Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our Company's tax liability include income tax and indirect taxes on goods and services such as central excise duty, Goods and Services Tax, customs duty, currently being collected by the central and state governments, which are introduced on a temporary or permanent basis from time to time. A single tax, namely the Goods and Services Tax, has replaced all the indirect taxes on goods and services. It came into effect on July 1, 2017 as the date for its implementation. The implementation of this rationalised tax structure may be affected by any disagreement between certain state governments, which may create uncertainty.

There can be no assurance that the GST rate will not be increased in the future. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include: (i) income tax; (ii) stamp duty; and (iii) other special taxes and surcharges which are introduced



on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time.

The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

**76. *Financial instability in other countries could disrupt our business.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country may have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations and financial condition.

**77. *Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.***

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

**78. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on the trading price of the NCDs.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the NCDs.

## **PROMINENT NOTES**

1. This is a public issue of secured, redeemable, non-convertible debentures by our Company aggregating upto ₹2,500 million with an option to retain over-subscription upto ₹2,500 million for issuance of additional NCDs, aggregating to a total of ₹5,000 million;
2. For details on the interest of our Company's Directors, please refer to the sections titled "***Our Management***" and "***Capital Structure***" beginning on pages 126 and 55 respectively of this Prospectus;
3. Our Company has entered into certain related party transactions, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006, as disclosed in the chapter titled "***Financial Statements***" beginning on page 153 of this Prospectus;
4. Any clarification or information relating to the Issue shall be made available by the Lead Managers, and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever;
5. Investors may contact the Registrar to the Issue, Company Secretary & Compliance Officer, Lead Managers for any complaints pertaining to the Issue. In case of any specific queries on Allotment/Refund, Investor may contact Registrar to the Issue / Company Secretary & Compliance Officer;

6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the “*Basis of Allotment*” set out in the chapter “*Terms of the Issue*” on page 256 of this Prospectus;
7. Our Equity Shares are currently unlisted;
8. All earlier non-convertible debentures issued by our Company on private placement basis are listed on BSE;
9. For further information on such contingent liabilities, see “*Financial Information*” on page 153 of this Prospectus; and
10. For further information relating to certain significant legal proceedings that we are involved in, see “*Outstanding Litigation and Statutory Defaults*” beginning on page 179 of this Prospectus.

## SECTION III - INTRODUCTION

### GENERAL INFORMATION

Our Company was originally incorporated on February 18, 1997 as private limited company under the provisions of the Companies Act as “Affluent Dealcom Private Limited”. Our Company was acquired by Edelcap Securities Limited (“**Edelcap Securities**”) pursuant to share purchase agreement dated March 30, 2012 and was converted into a public limited company with the name changed to “Affluent Dealcom Limited” on receipt of a fresh certificate of incorporation consequent to change in status on January 1, 2014 from the Registrar of Companies, West Bengal. Subsequently our Company’s name was changed to “Edelweiss Retail Finance Limited” pursuant to fresh certificate of Incorporation dated January 6, 2014. Our Company has obtained a revised certificate of registration dated October 14, 2014 bearing registration no. B-05.03052 issued by the Reserve Bank of India, Kolkata regional office under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration. The registered office of our Company has been shifted from the State of West Bengal to State of Maharashtra on September 2, 2016 and fresh certificate of registration dated January 4, 2017 bearing registration number B-13.02149 has been issued by the Reserve Bank of India, Mumbai under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

#### **NBFC Registration**

Our Company was originally incorporated on February 18, 1997 as private limited company under the provisions of the Companies Act, 1956 as “Affluent Dealcom Private Limited”. Affluent Dealcom Private Limited was granted certificate of registration as a non-banking finance company by the Reserve Bank of India, Kolkata regional office under section 45 IA of the Reserve Bank of India Act, 1934 on December 31, 1998 bearing registration number 05.03052. Our Company was acquired by Edelcap Securities and was converted into a public limited company with the name changed to “Affluent Dealcom Limited” on receipt of a fresh certificate of incorporation consequent to change in status on January 1, 2014 from the Registrar of Companies, West Bengal. Subsequently our Company’s name was changed to “Edelweiss Retail Finance Limited” pursuant to fresh certificate of incorporation dated January 6, 2014. Subsequently, our Company obtained Certificate of Registration dated October 14, 2014 bearing registration no. B-05.03052 issued by the Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of a non banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration. The registered office of our Company has been shifted from the State of West Bengal to State of Maharashtra on September 2, 2016 and fresh certificate of registration dated January 4, 2017 bearing registration number B-13.02149 has been issued by the Reserve Bank of India, Mumbai under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

#### **Registered Office & Corporate Office:**

Edelweiss House  
Off. C.S.T Road  
Kalina, Mumbai  
Maharashtra – 400 098  
Maharashtra, India  
**Tel.:** 022 – 4009 4400  
**Fax:** 022 – 4019 4925  
**Website:** <https://www.edelweissretailfin.com/>

#### **Registration**

Corporate Identity Number issued by the RoC: U67120MH1997PLC285490.

The registration number provided by RBI is B-13.02149.

**Chief Financial Officer:**

**Mr. Vineet Mahajan**

Edelweiss House,  
Off. C.S.T Road, Kalina,  
Mumbai - 400 098, Maharashtra, India  
**E-mail:** vineet.mahajan@edelweissfin.com  
**Tel.:** 022 – 4009 4400  
**Fax:** 022 – 4019 4925

**Company Secretary and Compliance Officer:**

**Ms. Sudipta Majumdar**

Edelweiss House,  
Off. C.S.T Road, Kalina,  
Mumbai - 400 098, Maharashtra, India  
**E-mail:** rfcompliance@edelweissfin.com  
**Tel.:** 022 – 4009 4400  
**Fax:** 022 – 4019 4925

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refund orders, non-receipt of debenture certificates, transfers, or interest on application money, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the Online Mechanism of the Stock Exchanges or through Trading Members may be addressed directly to the Stock Exchanges.

***Registrar of Companies, Maharashtra at Mumbai***

100, Everest  
Marine Drive  
Mumbai 400 002  
Maharashtra, India

**Lead Managers to the Issue**

**Axis Bank Limited**

Axis House, 8<sup>th</sup> Floor, C-2,  
Wadia International Centre,  
P.B. Marg, Worli, Mumbai – 400 025,  
Maharashtra, India  
**Tel:** +91 22 6604 3293  
**Fax:** +91 22 2425 3800  
**Email:** erfl.2018@axisbank.com  
**Investor Grievance Email:**  
Sharad.sawant@axisbank.com  
**Website:** www.axisbank.com  
**Contact Person:** Mr Vikash Shinde  
**Compliance Officer:** Mr Sharad Sawant

**Edelweiss Financial Services Limited\***

Edelweiss House, Off. CST Road, Kalina,  
Mumbai 400 098, Maharashtra, India  
**Tel.:** +91 22 4086 3535  
**Fax:** +91 22 4086 3610  
**Email:** erfl.ncd@edelweissfin.com  
**Investor grievance e-mail:**  
Customerservice.mb@edelweissfin.com  
**Website:** www.edelweissfin.com  
**Contact Person:** Mr Mandeep Singh / Mr Lokesh  
Singhi  
**Compliance Officer:** Mr B. Renganathan  
**SEBI Registration No.:** INM0000010650

**SEBI Registration No.:** INM000006104

*\*EFSL is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, EFSL would be involved only in marketing of the Issue.*

#### **Debenture Trustee**

##### **IDBI Trusteeship Services Limited**

Asian Building, Ground Floor, 17,

R. Kamani Marg, Ballard Estate,

Mumbai- 400 001

**Tel:** +91 22 4080 7000

**Fax:** +91 22 6631 1776/4080 7080

**Email:** itsl@idbitrustee.com

**Investor Grievance e-mail:** response@idbitrustee.com

**Website:** www.idbitrustee.com

**Contact Person:** Mr Naresh Sachwani/ Mr Swapneil Tiwari

**Compliance Officer:** Mr Shivaji Gunware

**SEBI Registration Number:** IND000000460

IDBI Trusteeship Services Limited has pursuant to Regulation 4(4) of SEBI Debt Regulations, by its letter dated February 2, 2018 given its consent for its appointment as the Debenture Trustee to the Issue and for their name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders.

#### **Registrar to the Issue:**

##### **Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot 31-32,

Financial District, Nanakramguda, Gachibowli,

Hyderabad – 500 032

**Tel:** 040-6716 2222

**Fax:** 040-2300 1153

**Email:** murali@karvy.com

**Investor Grievance mail:** murali@karvy.com

**Website:** <https://karisma.karvy.com>

**Contact Person:** Murli Krishna M

**SEBI Registration Number:** INR000000221

**CIN:** U72400TG2003PTC041636

#### **Credit Rating Agencies:**

##### **CRISIL**

CRISIL House, Central Avenue

Hiranandani Business Park,

Powai, Mumbai – 400 076,

Maharashtra, India

**Tel:** +91 22 3342 3000

**Fax:** +91 22 4040 5800

**Email:** Krishnan.sitaraman@crisil.com

**Contact Person:** Krishnan Sitaraman

##### **ICRA Limited**

Electric Mansion, 3<sup>rd</sup> floor,

Appasaheb Marathe Marg,

Prabhadevi, Mumbai – 400 025,

Maharashtra, India

**Tel:** +91 22 6114 3406

**Fax:** +91 22 2433 1390

**Email:** shivakumar@icraindia.com

**Contact Person:** L Shivakumar

**Website:** www.crisil.in  
**SEBI Registration No:** IN/CRA/001/1999

**Website:** www.icra.in  
**SEBI Registration No:** IN/CRA/008/2015

#### **Disclaimer clause of CRISIL**

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/users/transmitters/distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com

#### **Disclaimer clause of ICRA Limited**

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with respect to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular makes no representation or warranty, express or implied as to the accuracy, timelines or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statement of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

#### **Legal Counsel to the Issue**

##### **Khaitan & Co**

One Indiabulls Centre,  
13<sup>th</sup> Floor, Tower 1,  
841 Senapati Bapat Marg, Elphinstone Road,  
Mumbai – 400 013, Maharashtra, India.  
**Tel:** + 91 22 6636 5000  
**Fax:** + 91 22 6636 5050

#### **Statutory Auditors of our Company\***

M/s Price Waterhouse Chartered Accountants LLP  
252, Veer Savarkar Marg, Next to Mayor's Bungalow, Shivaji Park, Dadar, Mumbai, Maharashtra 400028  
**Tel:** +91 22 6669 1000  
**Fax:** +91 226654 7800  
**Email:** star1.project@in.pwc.com  
**Contact Person:** Sharad Agarwal  
**Membership No:** 118522  
**Firm Registration Number:** 012754N/N500016  
**Date of appointment as Statutory Auditors:** August 29, 2017

*\*Peer review certificate dated December 15, 2014 of Price Waterhouse Chartered Accountants LLP, Chartered Accountants was valid for a period of three years. Price Waterhouse Chartered Accountants LLP, Chartered Accountants is subject to an ongoing peer review process by the peer review board of the Institute of Chartered Accountants of India and the process for renewal of peer review certificate has been initiated.*

## Independent chartered accountant of our Company

M/s NGS & Co. LLP  
Chartered Accountants  
B -46, 3<sup>rd</sup> Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400063  
**Tel:** +91 22 49084401  
**Fax:** +91 22 49084415  
**Email:** rpsoni@ngsco.in  
**Contact Person:** R.P.Soni  
**Membership No:** 104796  
**Firm Registration Number:** 119850W

## Lead Brokers

### Axis Capital Limited

Axis House, Level 1, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400025, India  
**Attn:** Ajay Sheth / Vinayak Ketkar  
**Email:** ajay.sheth@axiscap.in / vinayak.ketkar@axiscap.in  
**Telephone:** +91 22 4325 3110  
**Facsimile:** +91 22 4325 3000

### Karvy Stock Broking Limited

“Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500034  
**Attn:** Mr. P. B. Ramapriyan  
**Email:** ksblldist@karvy.com  
**Telephone:** 040 23312454  
**Facsimile:** 040 66621474

### A.K Stockmart Private Limited

30-39 Free Press House, Free Press Journal Marg, 25 Nariman Point, Mumbai-400 021  
**Attn:** Mr Ankit Gupta, Mr Ranjit Dutta  
**Email:** ankit@akgroup.co.in, ranjit.dutta@akgroup.co.in  
**Telephone:** 022 6754 6500  
**Facsimile:** 022 6754 4666

### RR Equity Brokers Private Limited

412-422, Indraprakash Building 21, Barakhamba Road, New Delhi-110 001  
**Attn:** Mr Jeetesh Kumar  
**Email:** ipo@rrfcl.com  
**Telephone:** 011 2335 4802

### India Infoline Limited

IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013  
**Attn:** Mr Prasad Umarale  
**Email:** cs@indiainfoline.com  
**Telephone:** 022 42499000  
**Facsimile:** 022 24954313

### Kotak Securities Limited

4<sup>th</sup> Floor, ING House, C-12, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051  
**Attn:** Umesh Gupta  
**Email:** umesh.gupta@kotak.com  
**Telephone:** 022-67485470  
**Facsimile:** 022-66617041

### JM Financial Services Limited

2,3 & 4 Kamanwala Chambers, Ground Floor, Fort, Mumbai 400 001  
**Attn:** Mr Surajit Misra  
**Email:** surajit.misra@jmfl.com  
**Telephone:** 022 6136 3400

### HDFC Securities Limited

1 Think Techno Campus Building- B, “Alpha”, Office Floor 8, Opp. Crompton Greaves, Near Kanjurmarg (East) Mumbai 400 042 India  
**Attn:** Sharmila Kambli  
**Email:** customercare@hdfcsec.com  
**Telephone:** 022 3075 3400

### Integrated Enterprises (India) Private Limited

15, 1<sup>st</sup> Floor, Modern House, Dr V B Gandhi Marg, Fort, Mumbai 400023  
**Attn:** Mr V Krishnan, President  
**Email:** krishnan@integratedindia.in  
**Telephone:** 022 40661800  
**Facsimile:** 022 22874676

### SMC Global Securities Limited

17, Netaji Subhash Marg, Opp Golcha Cinema, Daryaganj, Delhi 10002  
**Attn:** Mr Mahesh Gupta, Mr Neeraj Khanna  
**Email:** mkg@smcindiaonline.com, neerajkhanna@smcindiaonline.com  
**Telephone:** 9818620470, 9810059041  
**Facsimile:** 011-23263297

### Bajaj Capital Limited

Mezzanine Floor, 97, Bajaj House, Nehru Palace, New Delhi- 110 019  
**Attn:** Mr Sumit Dudani  
**Email:** sumitd@bajajcapital.com  
**Telephone:** 011 – 41693000 / 67000000

### Edelweiss Broking Limited

Unit No. 801-804, 8th Floor, Abhisree Avenue, Nehru Nagar, Ambawadi, Ahmedabad - 380015  
**Attn:** Mr. Amit Dalvi / Mr. Prakash Boricha  
**Email:** Amit.dalvi@edelweissfin.com;

**Facsimile:** 011 2332 0671

**Facsimile:** 022 3075 3435

Prakash.boricha@edelweissfin.com

**Telephone:** 022-67471341/6747

1342

**Facsimile:** 022-6747 1347

**ICICI Securities Limited**

ICICI Centre, H.T.Parekh Marg,

Churchgate, Mumbai- 400020

**Attn:** Mr Parin Savla

**Email:**

parin.savla@icicisecurities.com

**Telephone:** +91 22 2277 7626

**Bankers to the Issue/Escrow Collection Banks**

**Axis Bank Limited**

Jeevan Prakash Building, Ground Floor, Sir P M Road, Fort, Mumbai 400001

**Attn:** Mr Anil Kanekar

**Email:**

fort.operationshead@axisbank.com

**Telephone:** +91 22 40867336/7474

**Facsimile:** +91 22 40867327/7378

**HDFC Bank Limited**

FIG-OPS Department, Lodha, I Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042

**Contact Person:** Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil

**Email:** Vincent.Dsouza@hdfcbank.com, Siddharth.Jadhav@hdfcbank.com,

Prasanna.Uchil@hdfcbank.com

**Telephone:** +91 22 30752927 / 2914

**Facsimile:** +91 22 25799801

**ICICI Bank Limited**

Capital Markets Division, 1<sup>st</sup> Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai - 400020

Contact Person: Ms. Shweta Surana

**Email:**

Shweta.surana@icicibank.com

**Telephone:** 022 – 6681 8932

/23 / 24

**Facsimile:** 022 - 22611138

**Indusind Bank Limited**

IndusInd Bank, PNA House, 4<sup>th</sup> Floor, Plot No. 57 & 57/1, Road No. 17, Near SRL, MIDC, Andheri East, Mumbai - 400093

**Attn:** Rushal Padhye

**Email:**

rushal.padhye@indusind.com

**Telephone:** 022 6106 9405

**Facsimile:** 022 6106 9315

**Refund Bank**

**HDFC Bank Limited**

FIG-OPS Department, Lodha, I Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042

**Contact Person:** Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil

**Email:** Vincent.Dsouza@hdfcbank.com,

Siddharth.Jadhav@hdfcbank.com,

Prasanna.Uchil@hdfcbank.com

**Telephone:** +91 22 30752927 / 2914

**Facsimile:** +91 22 25799801



## Bankers to our Company

### Axis Bank Limited

Axis Bank Ltd, 4<sup>th</sup> Floor, Tower 1, I-14, Sector-128, Noida, Uttar Pradesh - 2013014

**Tel:** 9717765516

**Email:**

anil123.kumar@axisbank.com

**Contact Person:** Mr Anil Kumar

**Website:** www.axisbank.com

### DCB Bank

DCB Bank Ltd, 6<sup>th</sup> Floor, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

**Tel:** 93222 80865

**Email:**

mrugendra.joglekar@dcbbank.com

**Contact Person:** Mr Mrugendra Joglekar

**Website:** www.dcbbank.com

### Dena Bank

Corporate Business Branch-I, C10, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051

**Tel:** +91 22 2654 5027

**Fax:** + 91 22 2654 5017

**Email:** bankur@denabank.co.in

**Contact Person:** Mr Manoj Chayani

**Website:** www.denabank.com

### HDFC Bank Limited

Trade World, A – Wing, 2<sup>nd</sup> Floor, Kamala Mills Compound, Lower Parel, Mumbai

**Tel:** 022 2498 8484

**Fax:** 022 4080 4711

**Email:**

arun.bhura@hdfcbank.com

**Contact Person:** Arun Bhura

**Website:** www.hdfcbank.com

### Kotak Mahindra Bank Limited

27 BKC, 3<sup>rd</sup> Floor, Plot No C-27, G Block, BKC, Bandra (East), Mumbai – 400 051

**Tel:** 022 6166 0363

**Email:** Vikash.chandak@kotak.com

**Contact Person:** Mr Vikash Chandak

**Website:** www.kotak.com

### State Bank of India

Backbay Reclamation Branch, 1<sup>st</sup> Floor, Tulsiani Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400 021

**Tel:** 022 2274 5830

**Fax:** 022 2204 3252

**Email:** sbi.01593@sbi.co.in

**Contact Person:** Mr Anup Kumar

**Website:** https://bank.sbi

### The South Indian Bank Limited

8<sup>th</sup> Ground Floor, Embassy Centre, 207, Nariman Point, Mumbai – 400 021

**Tel:** +91 22 2284 4133/ 2281 2617

**Email:** br0194@sib.co.in

**Contact Person:** Mr Vinod Francis

**Website:**

www.southindianbank.com

### Small Industries Development Bank of India

MSME Development Centre, C-11, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

**Tel:** 022 – 6753 1327

**Fax:** 022 – 6753 1236

**Email:** insti\_marketing@sidbi.in

**Contact Person:** Shri Vikrant Rajvanshi

**Website:** www.sidbi.in

### Karnataka Bank

#839, First Floor, Heeral Market, Near Anna Statute, Mount Road, Chennai-600002

**Tel:** 044 2345 2345

**Email:**

mad.mount.rd@ktkbank.com

**Contact Person:** Shubhalaxmi B

**Website:**

www.karnatakabank.com

### Punjab National Bank

Maker Towers "E", Cuffe Parade

Mumbai – 400 005

**Tel:** 022 2218 5994

**Fax:** 022 2218 0402

**Email:** bo2175@pnb.co.in

**Website:** www.pnbindia.com

### Punjab & Sind Bank

27/29 Ambalal Doshi Marg, Fort, Mumbai – 400 023

**Tel:** 022 2269 3438, 2265 8721

**Fax:** 022 22651752

**Email:** b0385@psb.co.in

**Contact Person:** Mr Mukesh Kumar

**Website:** www.psbindia.com

### Canara Bank

Tamarind Lane Branch, Crossly House, British Hotel Lane, Ground Floor, Near BSE, Fort, Mumbai 40001

**Tel:** 022 22702056

**Fax:** 022 22702052

**Email:** cb0239@canarabank.com

**Contact Person:** Mrs Neha Verma (Manager)

**Website:** www.canarabank.com

### United Bank of India

Mumbai Branch, United Bank of India Building, Ground Floor, 25, Sir P.M. Road, Fort, Mumbai, 40001

**Tel:** 022 22873656 / 22873071 / 22021033

**Email:**

bmbom@unitedbank.co.in

**Contact Person:** Mr Miling

### Indian Bank

United India Building, Sir P.M. Road, Fort, Mumbai, 40001

**Tel:** 022-22661484

**Fax:** 022-22660769

**Email:**

mumbaifort@indianbank.co.in

**Contact Person:** S Viswanathan, Chief Manager

Ekbote, Assistant General **Website:** www.indianbank.co.in  
Manager  
**Website:**  
www.unitedbankofindia.com

### **Self-Certified Syndicate Banks**

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time.

### **Syndicate SCSB Branches**

In relation to ASBA Applications submitted to the Members of the Syndicates or the Trading Members of the Stock Exchanges only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Members of the Syndicate or the Trading Members of the Stock Exchanges is provided on <http://www.sebi.gov.in/> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchanges only in the Specified Cities, see the above-mentioned web-link.

### **Impersonation**

As a matter of abundant caution, 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 of the Companies Act, 2013”.

### **Underwriting**

There is no underwriting.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue i.e. `1,875 million, within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. In the event, there is a delay, by our Company in making the aforesaid refund within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

### **Credit Rating**

The NCDs proposed to be issued under this Issue have been rated “CRISIL AA/Stable” with stable outlook for an amount of ₹ 5,000 million, by CRISIL and “[ICRA]AA” rating with stable outlook for an amount of ₹ 5,000 million, by ICRA. This rating is not a recommendation to buy, sell or hold securities and investors should take

their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

## Consents

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer; (c) Lead Managers; (d) the Registrar to the Issue; (e) Legal Advisor to the Issue; (f) Credit Rating Agencies; (g) the Debenture Trustee; (h) Bankers to the Issue; (i) Chief Financial Officer; (j) Lenders to our Company; (k) Lead Brokers; and (l) CRISIL for “*CRISIL Research – Assessment of various financial products dated February 2018*”, to act in their respective capacities, have been obtained and the same will be filed along with a copy of the Draft Prospectus, Prospectus with the Stock Exchanges.

Our Company has received written consent from the Statutory Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants dated February 16, 2018 to include its name as an expert under Section 26 of the Companies Act, 2013 in the Draft Prospectus in relation to the reports of the Statutory Auditors dated February 16, 2018, on the Reformatted Financial Information of our Company and the Unaudited Condensed Interim Financial Statements of the our Company, included in the Draft Prospectus and such consent has not been withdrawn up to the time of delivery of the Draft Prospectus.

Our Company has received written consent from the Statutory Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants dated February 27, 2018 to include its name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus in relation to the reports of the Statutory Auditors dated February 16, 2018, on the Reformatted Financial Information of our Company and the Unaudited Condensed Interim Financial Statements of the our Company, included in this Prospectus and such consent has not been withdrawn up to the time of delivery of this Prospectus.

In this regard, the Statutory Auditors have given consent to be referred to as expert in the Draft Prospectus and Prospectus only in accordance with the requirements of the Companies Act, 2013 and solely in the context of this Issue.

The consents of the independent chartered accountant of our Company, namely M/s NGS & Co. LLP, Chartered Accountants, for statement of tax benefits included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

## Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled “*Objects of the Issue*” on page 64 of this Prospectus.

## Issue Programme

| ISSUE PROGRAMME* |                |
|------------------|----------------|
| ISSUE OPENS ON   | MARCH 07, 2018 |
| ISSUE CLOSES ON  | MARCH 22, 2018 |

*\*The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company (“**Board**”) or the Securities IPO Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.*

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Brokers, sub-brokers or the Trading Members of the Stock Exchanges, as the case maybe, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Lead Brokers, sub-brokers or the Trading

Members of the Stock Exchanges, as the case maybe, only at the selected cities. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on a date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

## SUMMARY FINANCIAL INFORMATION

### Reformatted Statement of Assets and Liabilities

(Currency : Indian Rupees in Millions)

|  | As at<br>31 March 2017  | As at<br>31 March 2016  | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|--|-------------------------|-------------------------|------------------------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>  |                         |                         |                        |                        |                        |
| <b>Shareholders' funds</b>   |                         |                         |                        |                        |                        |
| (a) Share capital  | 329.50                  | 299.50                  | 156.59                 | 29.99                  | 9.99                   |
| (b) Reserves and surplus   | 2,805.43                | 2,311.13                | 1,078.88               | 179.40                 | 48.43                  |
|  | <u>3,134.93</u>         | <u>2,610.63</u>         | <u>1,235.47</u>        | <u>209.39</u>          | <u>58.42</u>           |
| <b>Non-current liabilities</b>   |                         |                         |                        |                        |                        |
| (a) Long-term borrowings   | 6,646.75                | 7,726.86                | 3,540.00               | 150.00                 | -                      |
| (b) Deferred tax liabilities (Net)   | -                       | -                       | 2.52                   | 0.28                   | -                      |
| (c) Other long-term liabilities  | 192.70                  | 93.98                   | 27.30                  | 2.57                   | -                      |
| (d) Long-term provisions   | 95.66                   | 49.39                   | 11.47                  | 0.71                   | -                      |
|  | <u>6,935.11</u>         | <u>7,870.23</u>         | <u>3,581.29</u>        | <u>153.56</u>          | <u>-</u>               |
| <b>Current liabilities</b>   |                         |                         |                        |                        |                        |
| (a) Short-term borrowings  | 1,751.00                | 556.35                  | 502.86                 | 256.06                 | -                      |
| (b) Trade payables   |                         |                         |                        |                        |                        |
| (A) total outstanding dues of micro enterprises and small enterprise                       | -                       | -                       | -                      | -                      | -                      |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 390.80                  | 172.53                  | 47.96                  | 14.53                  | 0.22                   |
| (c) Other current liabilities  | 3,248.27                | 3,257.38                | 277.38                 | 7.12                   | 0.02                   |
| (d) Short-term provisions  | 56.74                   | 72.04                   | 35.24                  | 0.86                   | 0.12                   |
|  | <u>5,446.81</u>         | <u>4,058.30</u>         | <u>863.44</u>          | <u>278.57</u>          | <u>0.36</u>            |
| <b>TOTAL</b>   | <u><u>15,516.85</u></u> | <u><u>14,539.16</u></u> | <u><u>5,680.20</u></u> | <u><u>641.52</u></u>   | <u><u>58.78</u></u>    |
| <b>ASSETS</b>  |                         |                         |                        |                        |                        |
| <b>Non-current assets</b>  |                         |                         |                        |                        |                        |
| (a) Fixed assets   |                         |                         |                        |                        |                        |
| (i) Property, plant & equipment  | 9.29                    | 1.71                    | 0.38                   | -                      | -                      |
| (ii) Intangible assets   | 3.31                    | 0.10                    | -                      | -                      | -                      |
| (iii) Intangibles under development  | 1.00                    | 1.10                    | -                      | -                      | -                      |
| (b) Deferred tax assets (net)  | 21.92                   | 10.74                   | -                      | -                      | -                      |
| (c) Long-term loans and advances   | 7,706.41                | 8,008.42                | 4,195.48               | 287.46                 | -                      |
| (d) Other non-current assets   | 42.00                   | 1.87                    | -                      | -                      | -                      |
|  | <u>7,783.93</u>         | <u>8,023.94</u>         | <u>4,195.86</u>        | <u>287.46</u>          | <u>-</u>               |
| <b>Current assets</b>  |                         |                         |                        |                        |                        |
| (a) Current investments  | -                       | -                       | -                      | -                      | 58.60                  |
| (b) Cash and bank balances <sup>^</sup>  | 72.21                   | 140.29                  | 14.60                  | 2.35                   | 0.00                   |
| (c) Short-term loans and advances  | 7,296.37                | 6,196.17                | 1,412.36               | 348.01                 | 0.18                   |
| (d) Other current assets   | 364.34                  | 178.76                  | 57.38                  | 3.70                   | -                      |
|  | <u>7,732.92</u>         | <u>6,515.22</u>         | <u>1,484.34</u>        | <u>354.06</u>          | <u>58.78</u>           |
| <b>TOTAL</b>   | <u><u>15,516.85</u></u> | <u><u>14,539.16</u></u> | <u><u>5,680.20</u></u> | <u><u>641.52</u></u>   | <u><u>58.78</u></u>    |

<sup>^</sup> Amount is less than 0.01 million

## Reformatted Statement of Profit and Loss

(Currency : Indian Rupees in Millions)

|  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 | For the year ended<br>31 March 2013 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Income</b>  |                                     |                                     |                                     |                                     |                                     |
| <b>Revenue from operations</b>   |                                     |                                     |                                     |                                     |                                     |
| Fee and commission income  | 187.20                              | 80.97                               | 18.87                               | 0.27                                | -                                   |
| Income from treasury   | -                                   | -                                   | -                                   | 4.33                                | (0.37)                              |
| Interest income  | 2,338.16                            | 1,532.57                            | 433.32                              | 15.73                               | 0.40                                |
| <b>Other income</b>  | 9.98                                | 1.18                                | 0.30                                | -                                   | -                                   |
| <b>Total Revenue</b>   | 2,535.34                            | 1,614.72                            | 452.49                              | 20.33                               | 0.03                                |
| <b>Expenses</b>  |                                     |                                     |                                     |                                     |                                     |
| Employee benefit expenses  | 215.71                              | 49.32                               | 32.16                               | 0.11                                | 0.02                                |
| Finance costs  | 1,161.19                            | 793.16                              | 184.98                              | 6.11                                | 0.01                                |
| Depreciation <sup>^</sup>  | 3.32                                | 0.55                                | 0.00                                | -                                   | -                                   |
| Other expenses   | 665.82                              | 392.40                              | 117.38                              | 12.61                               | 0.18                                |
| <b>Total expenses</b>  | 2,046.04                            | 1,235.43                            | 334.52                              | 18.83                               | 0.21                                |
| <b>Profit before tax</b>   | 489.30                              | 379.29                              | 117.97                              | 1.50                                | (0.18)                              |
| Tax expense:   |                                     |                                     |                                     |                                     |                                     |
| (1) Current tax (includes short provision for earlier years<br>Rs 0.03 million in the year 2017, Rs 8.23 million in the<br>year 2016, Rs Nil in the year 2015) | 181.01                              | 145.53                              | 39.17                               | 0.58                                | 0.16                                |
| (2) MAT credit entitlement   | -                                   | -                                   | -                                   | (0.34)                              | -                                   |
| (3) Deferred tax (net)   | (11.17)                             | (13.26)                             | 2.24                                | 0.28                                | 4.24                                |
| <b>Profit for the year</b>   | 319.46                              | 247.02                              | 76.56                               | 0.98                                | (4.58)                              |
| <b>Earnings per equity share (Face value Rs. 10 each):</b>   |                                     |                                     |                                     |                                     |                                     |
| <b>Basic and diluted (in rupees)</b>   | 10.08                               | 12.28                               | 6.72                                | 0.96                                | (4.58)                              |

<sup>^</sup> Amount is less than 0.01 million

## Reformatted Statement of Cash Flows

(Currency : Indian Rupees in Millions)

|   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 | For the year ended<br>31 March 2013 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>A Cash flow from operating activities</b>                          |                                     |                                     |                                     |                                     | -                                   |
| Profit / (loss) before tax  | 489.30                              | 379.29                              | 117.97                              | 1.50                                | (0.18)                              |
| <i>Adjustments for</i>  |                                     |                                     |                                     |                                     |                                     |
| Depreciation and amortization expenses ^                              | 3.32                                | 0.55                                | 0.00                                | -                                   | -                                   |
| Provision for compensated absences                                    | -                                   | 0.77                                | 0.02                                | -                                   | -                                   |
| Provision for standard assets   | 9.64                                | 28.00                               | 12.71                               | 1.56                                | (0.08)                              |
| Provision for Restructured advances                                   | 2.91                                | 1.25                                | -                                   | -                                   | -                                   |
| Provision for non performing assets                                   | (23.79)                             | 26.69                               | 1.40                                | -                                   | -                                   |
| Provision for credit loss on securitisation                           | 30.14                               | 5.60                                | -                                   | -                                   | -                                   |
| Bad-debts and advance written off                                     | 225.54                              | 1.78                                | -                                   | -                                   | -                                   |
| Amortised loan processing fees  | -                                   | (64.22)                             | (15.97)                             | (0.27)                              | -                                   |
| Amortised loan origination cost                                       | -                                   | 90.48                               | 24.87                               | 0.42                                | -                                   |
| Interest on income tax refund   | -                                   | (0.05)                              | -                                   | -                                   | -                                   |
| Loss on sale of non current investments (net)                         | -                                   | -                                   | -                                   | -                                   | 0.81                                |
| Profit on sale of current investments (net)                           | -                                   | -                                   | -                                   | (4.33)                              | (0.40)                              |
| Dividend on Investments   | -                                   | -                                   | -                                   | -                                   | (0.04)                              |
| Loss on sale of Fixed assets(net)                                     | 0.02                                | -                                   | -                                   | -                                   | -                                   |
| <b>Operating cash flow before working capital changes</b>             | 737.08                              | 470.14                              | 141.00                              | (1.12)                              | 0.11                                |
| <b>Add / (Less): Adjustments for working capital changes</b>          |                                     |                                     |                                     |                                     |                                     |
| (Increase) / Decrease in receivable from financing business           | (5,114.77)                          | (8,446.69)                          | (4,888.75)                          | (625.81)                            | 33.43                               |
| Decrease in Stock in trade  | -                                   | -                                   | -                                   | -                                   | 5.00                                |
| Increase in other loans and advances ^                                | (21.11)                             | (242.66)                            | (108.66)                            | (9.52)                              | 0.00                                |
| (Increase) / decrease in other assets                                 | -                                   | -                                   | -                                   | -                                   | -                                   |
| Increase in other current assets                                      | (225.71)                            | (123.24)                            | (53.68)                             | (3.70)                              | -                                   |
| Increase from short-term borrowings (Net of repayment)                | -                                   | -                                   | 246.80                              | -                                   | -                                   |
| Increase in liabilities and provisions                                | 300.65                              | 751.09                              | 344.44                              | 24.25                               | 0.23                                |
| <b>Net cash used in operating activities</b>                          | (4,323.86)                          | (7,591.36)                          | (4,318.85)                          | (615.90)                            | 38.77                               |
| Income taxes paid   | (164.80)                            | (134.82)                            | (8.04)                              | (0.74)                              | (0.03)                              |
| <b>Net cash (used in)/generated from operating activities -A</b>      | (4,488.66)                          | (7,726.18)                          | (4,326.89)                          | (616.64)                            | 38.74                               |
| <b>B Cash flow from investing activities</b>                          |                                     |                                     |                                     |                                     |                                     |
| Purchase of fixed assets  | (14.50)                             | (3.08)                              | (0.38)                              | -                                   | -                                   |
| Sale of Non-current investments                                       | -                                   | -                                   | -                                   | -                                   | 15.45                               |
| Sale of fixed assets  | 0.47                                | -                                   | -                                   | -                                   | -                                   |
| Purchase of current investments                                       | -                                   | -                                   | -                                   | -                                   | (151.40)                            |
| Sale of current investments   | -                                   | -                                   | -                                   | 62.93                               | 93.84                               |
| Dividend on Investments   | -                                   | -                                   | -                                   | -                                   | 0.04                                |
| Increase in fixed deposits  | (64.33)                             | -                                   | -                                   | -                                   | -                                   |
| <b>Net cash (used in)/generated from investing activities -B</b>      | (78.36)                             | (3.08)                              | (0.38)                              | 62.93                               | (42.07)                             |
| <b>C Cash flow from financing activities</b>                          |                                     |                                     |                                     |                                     |                                     |
| Proceeds from issue of equity shares                                  | 264.00                              | 1,128.14                            | 949.52                              | 150.00                              | -                                   |
| Premium payable on redemption of non convertible debentures           | (90.47)                             | -                                   | -                                   | -                                   | -                                   |
| Proceeds from loans securitization / assignment                       | 4,112.16                            | -                                   | -                                   | -                                   | -                                   |
| Proceeds / (Repayments) from long-term borrowings                     | (1,080.10)                          | 4,186.86                            | 3,390.00                            | 150.00                              | -                                   |
| Proceeds from short-term borrowings (net of repayment)                | 1,229.02                            | 2,539.95                            | -                                   | 256.06                              | -                                   |
| <b>Net cash generated from financing activities - C</b>               | 4,434.61                            | 7,854.95                            | 4,339.52                            | 556.06                              | -                                   |
| <b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b> | (132.41)                            | 125.69                              | 12.25                               | 2.35                                | (3.33)                              |
| Cash and cash equivalents as at the beginning of the year^            | 140.29                              | 14.60                               | 2.35                                | 0.00                                | 3.34                                |
| Cash and cash equivalents as at the end of the year ^                 | 7.88                                | 140.29                              | 14.60                               | 2.35                                | 0.00                                |

^ Amount is less than 0.01 million

## CAPITAL STRUCTURE

### Details of share capital and securities premium account

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

| Share Capital  | (In ₹ million)  |
|--|-----------------|
| Share Capital  | Aggregate Value |
| <b>Authorised Share Capital</b>                                  |                 |
| 5,00,00,000 Equity Shares of face value of ₹10 each              | 500.00          |
| <b>Total Authorised Share Capital</b>                            | 500.00          |
| <b>Issued, Subscribed and Paid-up share capital</b>              |                 |
| 42,950,000 Equity Shares of face value of ₹10 each fully paid up | 429.50          |
| <b>Total Issued, Subscribed and Paid-up share capital</b>        | 429.50          |
| <b>Paid up equity share capital after the Issue</b>              |                 |
| 42,950,000 Equity Shares of face value of ₹10 each fully paid up | 429.50          |
| <b>Securities premium account</b>                                |                 |
| Existing Securities Premium Account                              | 2,989.07        |

Details of change in the Authorised Share Capital of our Company as on the date of this Prospectus for last five years:

| Date of AGM/EGM   | Authorised Share Capital (in ₹) | Particulars   |
|-------------------|---------------------------------|---|
| June 12, 2013     | 43,350,000                      | Authorised Share Capital of our Company was increased from ₹ 10,000,000 (Rupees Ten Million only) to ₹ 43,350,000 (Rupees Forty Three Million Three Hundred and Fifty Thousand only) by creation of 3,335,000 (Three Million Three Hundred and Thirty Five Thousand only) Equity Shares of the face value of ₹ 10 each. |
| March 26, 2014    | 100,000,000                     | Authorized Share Capital of our Company was increased from ₹ 43,350,000 (Rupees Forty Three Million Three Hundred and Fifty Thousand only) to ₹ 100,000,000 (Rupees One Hundred Million only) by creation of 5,665,000 (Five Million Six Hundred and Sixty Five Thousand only) equity shares of ₹10 each.               |
| February 26, 2015 | 300,000,000                     | Authorized Share Capital of our Company be increased from ₹ 100,000,000 (Rupees One Hundred Million only) to ₹ 300,000,000 (Rupees Three Hundred Million only) by creation of 20,000,000 (Twenty Million only) equity shares of ₹10 each.   |
| March 26, 2016    | 500,000,000                     | Authorized Share Capital of our Company be increased from ₹ 300,000,000 (Rupees Three Hundred Million only) to ₹ 500,000,000 (Rupees Five Hundred Million only) by creation of 20,000,000 (Twenty Million only) equity shares of ₹10 each.  |

Details of changes to the Equity Share Capital History of our Company for the past five years from the date of this Prospectus:

| Date of Allotment | No. of Equity Shares | Face Value (in ₹) | Issue Price (in ₹)* | Consideration (Cash, other than cash etc.) | Nature of Allotment                 | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (in ₹) | Cumulative Equity Share Premium (in ₹) |
|-------------------|----------------------|-------------------|---------------------|--|-------------------------------------|---------------------------------|--|--|
| March 28, 2014    | 20,00,000            | 10                | 65                  | Cash                                       | Preferential Allotment <sup>1</sup> | 29,98,500                       | 2,99,85,000                            | 16,99,32,000                           |
| August 06, 2014   | 59,97,000            | 10                | 65                  | Cash                                       | Preferential Allotment <sup>2</sup> | 89,95,500                       | 8,99,55,000                            | 55,97,37,000                           |
| March 24, 2015    | 66,63,333            | 10                | 65                  | Cash                                       | Allotment pursuant to               | 1,56,58,833                     | 15,65,88,330                           | 99,28,53,645                           |



| Date of Allotment  | No. of Equity Shares | Face Value (in ₹) | Issue Price (in ₹)* | Consideration (Cash, other than cash etc.) | Nature of Allotment                             | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (in ₹) | Cumulative Equity Share Premium (in ₹) |
|--------------------|----------------------|-------------------|---------------------|--|---|---------------------------------|--|--|
|                    |                      |                   |                     |  | rights issue <sup>3</sup>                       |                                 |  |  |
| August 31, 2015    | 66,66,167            | 10                | 65                  | Cash                                       | Allotment pursuant to rights issue <sup>4</sup> | 2,23,25,000                     | 223,250,000                            | 1,42,61,54,500                         |
| January 29, 2016   | 29,33,333            | 10                | 65                  | Cash                                       | Allotment pursuant to rights issue <sup>5</sup> | 2,52,58,333                     | 252,583,330                            | 1,61,68,21,145                         |
| March 28, 2016     | 46,91,667            | 10                | 77                  | Cash                                       | Preferential Allotment <sup>6</sup>             | 2,99,50,000                     | 299,500,000                            | 1,97,80,79,504                         |
| August 31, 2016    | 30,00,000            | 10                | 78                  | Cash                                       | Preferential Allotment <sup>7</sup>             | 3,29,50,000                     | 329,500,000                            | 2,21,20,79,504                         |
| September 21, 2017 | 50,00,000            | 10                | 90                  | Cash                                       | Allotment pursuant to rights issue <sup>8</sup> | 3,79,50,000                     | 379,500,000                            | 2,59,17,98,980                         |
| January 31, 2018   | 50,00,000            | 10                | 90                  | Cash                                       | Allotment pursuant to rights issue <sup>9</sup> | 4,29,50,000                     | 429,500,000                            | 2,98,90,67,528                         |

\* Issue price is the securities premium amount for the equity infusion.

<sup>1</sup>. Preferential Allotment of 20,00,000 equity shares to Edelcap Securities Limited by our Company.

<sup>2</sup>. Preferential Allotment of 59,97,000 equity shares to Edelcap Securities Limited by our Company.

<sup>3</sup>. Allotment of 66,63,333 equity shares to Edelcap Securities Limited pursuant to a rights issue by our Company.

<sup>4</sup>. Allotment of 66,66,167 equity shares to Edelcap Securities Limited pursuant to a rights issue by our Company.

<sup>5</sup>. Allotment of 29,33,333 equity shares to Edelcap Securities Limited pursuant to a rights issue by our Company.

<sup>6</sup>. Preferential Allotment of 46,91,667 equity shares to Edelweiss Financial Services Limited by our Company.

<sup>7</sup>. Preferential Allotment of 30,00,000 equity shares to Edelweiss Finvest Private Limited by our Company.

<sup>8</sup>. Allotment of 50,00,000 equity shares to Edelcap Securities Limited pursuant to a rights issue by our Company.

<sup>9</sup>. Allotment of 50,00,000 equity shares to Edelweiss Financial Services Limited pursuant to a rights issue by our Company.

There will be no change in the Capital Structure and share premium account post Issue and allotment of the NCDs.

#### **Equity shares issued for consideration other than cash**

NIL

#### **Details of our Promoters' shareholding in our Company's subsidiaries as on December 31, 2017:**

NIL. Our Company does not have any subsidiary.

#### **Shareholding pattern of our Company as on the date of this Prospectus:**

The following is the shareholding pattern of our Company, as on the date of this Prospectus:

**Table I - Summary Statement holding of specified securities**

| Category (I) | Category of shareholder (II)   | Nos. Of shareholders (III) | No. of fully paid up Equity shares held (IV) | No. Of Partly paid-up Equity shares held (V) | No. Of shares underlying Depository Receipts (VI) | Total nos. shares held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) |             |       | No. Of Shares Underlying Outstanding convertible securities (X) | No. of Shares Underlying Outstanding Warrants (Xi) | No. Of Shares Underlying Outstanding convertible securities and No. Of Warrants (Xi) (a) | Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) |         | Number of Shares pledged or otherwise encumbered (XIII) |         | Number of equity shares held in dematerialized form (XIV) |                                 |
|--------------|--------------------------------|----------------------------|--|--|---|--|---|---|-------------|-------|---|--|--|--|----------------------------------|---------|---|---------|---|---------------------------------|
|              |                                |                            |  |  |   |  |   | No of Voting (XIV) Rights                                     |             |       |   |  |  |  | Total as a % of (A+B+C)          | No. (a) | As a % of total Shares held (b)                         | No. (a) |   | As a % of total Shares held (b) |
|              |                                |                            |  |  |   |  |   | Class eg: X   | Class eg: Y | Total |   |  |  |  |                                  |         |   |         |   |                                 |
| (A)          | Promoter & Promoter Group      | 9 <sup>1</sup>             | 42,950,000                                   | -  | -   | 42,950,000                                   | 100%  | 42,950,000  | 42,950,000  | 100%  | -   | -  | -  | -  | -                                | -       | -   | -       |   |                                 |
| (B)          | Public                         |                            |  |  |   |  |   |   |             |       |   |  |  |  |                                  |         |   |         |   |                                 |
| (C)          | Non Promoter-Non Public        |                            |  |  |   |  |   |   |             |       |   |  |  |  |                                  |         |   |         |   |                                 |
| (C1)         | Shares underlying DRs          |                            |  |  |   |  |   |   |             |       |   |  |  |  |                                  |         |   |         |   |                                 |
| (C2)         | Shares held by Employee Trusts |                            |  |  |   |  |   |   |             |       |   |  |  |  |                                  |         |   |         |   |                                 |
|              | <b>Total</b>                   |                            |  |  |   |  |   |   |             |       |   |  |  |  |                                  |         |   |         |   |                                 |

<sup>1</sup> Including six individual shareholders who are holding 1 share each as nominee of the Promoter: (i) Mr B Renganathan holding 1 share; (ii) Mr Tarun Khurana holding 1 share; (iii) Mr Dipakkumar K Shah holding 1 share; (iv) Mr Ashish Bansal holding 1 share; (v) Mr Vinit Agrawal holding 1 share; and (vi) Ms Preeti Chhabria holding 1 share.

| Category & Name of the Shareholders<br>(I)  | Nos. Of<br>shareholders<br>(III)   | No. of fully paid<br>up equity shares<br>held<br>(IV) | Total nos.<br>shares<br>held<br>(VII) =<br>(IV)+(V)+<br>(VI) | Shareholding as a %<br>of total no. of shares<br>(calculated as per<br>SCRR, 1957)<br>(VIII)<br>As a % of (A+B+C2) | Number of Voting Rights held in each class of<br>securities<br>(IX) |            | Total as<br>a % of<br>Total<br>Voting<br>rights | Shareholding, as a %<br>assuming full<br>conversion of<br>convertible securities<br>(as a percentage of<br>diluted share capital)<br>(XI)= (VII)+(X)<br>As a % of (A+B+C2) | Number of<br>equity shares<br>held in<br>dematerializ<br>ed form<br>(XIV) |   |
|---|--|---|--|--|---|------------|---|--|---|---|
|   |  |   |  |  | No of Voting (XIV)<br>Rights  |            |   |  |   |   |
|   |  |   |  |  | Class<br>eg: X  | Total      |   |  |   |   |
| <b>A Table II - Statement showing shareholding pattern of the Promoter and Promoter Group</b> |  |   |  |  |   |            |   |  |   |   |
| <b>(1) Indian</b>   |  |   |  |  |   |            |   |  |   |   |
| (a)   | Individuals/Hindu undivided Family   | 6 <sup>2</sup>  | 6  | 6  | Negligible  | 6          | 6   | Negligible   | -   | - |
| (b)   | Central Government/ State<br>Government(s)                                     |   |  |  |   |            |   |  |   |   |
| (c)   | Financial Institutions/ Banks  |   |  |  |   |            |   |  |   |   |
| (d)   | Any Other (specify)  | 3   | 42,949,994   | 42,949,994   | 100%  | 42,949,994 | 42,949,994                                      | 100%   | 100%-   | - |
|   | <b>Sub-Total (A)(1)</b>  | 9   | 42950000   | 42950000   | 100%  | 42950000   | 42950000  | 100%   | -   | - |
| <b>(2) Foreign</b>  |  |   |  |  |   |            |   |  |   |   |
| (a)   | Individuals (Non-Resident Individuals/<br>Foreign Individuals)                 |   |  |  |   |            |   |  |   |   |
| (b)   | Government   |   |  |  |   |            |   |  |   |   |
| (c)   | Institutions   |   |  |  |   |            |   |  |   |   |
| (d)   | Foreign Portfolio Investor   |   |  |  |   |            |   |  |   |   |
| (e)   | Any Other (specify)  |   |  |  |   |            |   |  |   |   |
|   | <b>Sub-Total (A)(2)</b>  |   |  |  |   |            |   |  |   |   |
|   | <b>Total Shareholding of Promoter and Promoter<br/>Group (A)=(A)(1)+(A)(2)</b> | 9   | 42950000   | 42950000   | 100%  | 42950000   | 42950000  | 100%   | -   | - |
| <b>B Table III - Statement showing shareholding pattern of the Public shareholder</b>         |  |   |  |  |   |            |   |  |   |   |
| <b>(1) Institutions</b>   |  |   |  |  |   |            |   |  |   |   |
| (a)   | Mutual Funds   |   |  |  |   |            |   |  |   |   |
| (b)   | Venture Capital Funds  |   |  |  |   |            |   |  |   |   |
| (c)   | Alternate Investment Funds   |   |  |  |   |            |   |  |   |   |
| (d)   | Foreign Venture Capital Investors  |   |  |  |   |            |   |  |   |   |
| (e)   | Foreign Portfolio Investors  |   |  |  |   |            |   |  |   |   |
| (f)   | Financial Institutions/ Banks  |   |  |  |   |            |   |  |   |   |
| (g)   | Insurance Companies  |   |  |  |   |            |   |  |   |   |
| (h)   | Provident Funds/ Pension Funds   |   |  |  |   |            |   |  |   |   |
| (i)   | Any Other (specify)  |   |  |  |   |            |   |  |   |   |
| (2)   | Central Government / State<br>Government(s)/ President of India                |   |  |  |   |            |   |  |   |   |
|   | <b>Sub-Total (B)(1)</b>  |   |  |  |   |            |   |  |   |   |
| <b>(3) Non-institutions</b>   |  |   |  |  |   |            |   |  |   |   |
| (a(i))  | Individuals -  |   |  |  |   |            |   |  |   |   |

<sup>2</sup> Six individual shareholders who are holding 1 share each as nominee of the Promoter: (i) Mr B Renganathan holding 1 share; (ii) Mr Tarun Khurana holding 1 share; (iii) Mr Dipakkumar K Shah holding 1 share; (iv) Mr Ashish Bansal holding 1 share; (v) Mr Vinit Agrawal holding 1 share; and (vi) Ms Preeti Chhabria holding 1 share.

| Category & Name of the Shareholders<br>(I)   | Nos. Of<br>shareholders<br>(III) | No. of fully paid<br>up equity shares<br>held<br>(IV) | Total nos.<br>shares<br>held<br>(VII) =<br>(IV)+(V)+<br>(VI) | Shareholding as a %<br>of total no. of shares<br>(calculated as per<br>SCRR, 1957)<br>(VIII)<br>As a % of (A+B+C2) | Number of Voting Rights held in each class of<br>securities<br>(IX) |          | Shareholding, as a %<br>assuming full<br>conversion of<br>convertible securities<br>(as a percentage of<br>diluted share capital)<br>(XI)=(VII)+(X)<br>As a % of (A+B+C2) | Number of<br>equity shares<br>held in<br>dematerializ<br>ed form<br>(XIV) |
|--|----------------------------------|---|--|--|---|----------|---|---|
|  |                                  |   |  |  | No of Voting (XIV)<br>Rights  |          |   |   |
|  |                                  |   |  |  | Class<br>eg: X  | Total    |   |   |
| Individual shareholders holding nominal<br>share capital up to ₹ 2 lakhs.                              |                                  |   |  |  |   |          |   |   |
| (a(ii)) Individuals  | -                                |   |  |  |   |          |   |   |
| Individual shareholders holding nominal<br>share capital in excess of ₹ 2 lakhs.                       |                                  |   |  |  |   |          |   |   |
| (b) NBFCs registered with RBI  |                                  |   |  |  |   |          |   |   |
| (c) Employee Trusts  |                                  |   |  |  |   |          |   |   |
| (d) Overseas Depositories (holding DRs)<br>(balancing figure)  |                                  |   |  |  |   |          |   |   |
| (e) Any Other (specify)  |                                  |   |  |  |   |          |   |   |
| <b>Sub-Total (B)(3)</b>  |                                  |   |  |  |   |          |   |   |
| <b>Total Public Shareholding<br/>(B)=(B)(1)+(B)(2)+(B)(3)</b>  |                                  |   |  |  |   |          |   |   |
| <b>C Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder</b> |                                  |   |  |  |   |          |   |   |
| (1) Custodian/DR Holder - Name of DR<br>Holders (If Available)   |                                  |   |  |  |   |          |   |   |
| (2) Employee Benefit Trust (under SEBI<br>(Share based Employee Benefit)<br>Regulations, 2014)         |                                  |   |  |  |   |          |   |   |
| <b>Total Non-Promoter- Non Public Shareholding<br/>(C)= (C)(1)+(C)(2)</b>                              |                                  |   |  |  |   |          |   |   |
| <b>Total ( A+B+C2 )</b>  |                                  |   |  |  |   |          |   |   |
| <b>Total (A+B+C)</b>   | 9                                | 42950000  | 42950000   | 100%   | 42950000  | 42950000 | 100%  | -   |

None of the shares of our Company, held by our Promoters, are pledged or otherwise encumbered.

**Shareholding of Directors in our Company as on the date of the Prospectus:**

| Sl. No. | Name of Director          | Number of Shares Held | Percentage of Shares held |
|---------|---------------------------|-----------------------|---------------------------|
| 1.      | Mr Anil Kothuri           | NIL                   | NIL                       |
| 2.      | Mr Krishnaswamy Siddharth | NIL                   | NIL                       |
| 3.      | Ms Shalinee Mimani        | NIL                   | NIL                       |
| 4.      | Mr Mitul Bhagvandas Shah  | NIL                   | NIL                       |
| 5.      | Mr Sanjay Nathalal Shah   | NIL                   | NIL                       |

As per the Articles of Association of our Company, the Directors are not required to hold any qualification shares in our Company.

As on December 31, 2017, none of our Directors hold any debentures in our Company.

**Shareholding of Directors in our subsidiaries as on the date of the Prospectus:**

There are no subsidiaries of our Company.

**Statement of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the Directors of our Company which is a promoter of the Issuer and by the Directors of the Issuer and their relatives within six months immediately preceding the date of filing this Prospectus:**

Following is the statement of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the Directors of our Company which is a promoter of the Issuer and by the Directors of the Issuer and their relatives within six months immediately preceding the date of filing this Prospectus.

- Edelcap Securities Limited**

| Date of Purchase / Sale | No. of securities purchased  | No. of securities sold |
|-------------------------|--|------------------------|
| March 28, 2014          | 29,98,500 (20,00,000 fresh purchase on March 28, 2014 and balance acquired through transfer of 9,98,500 shares from previous shareholders prior to that) | NIL                    |
| August 6, 2014          | 59,97,000  | NIL                    |
| March 24, 2015          | 66,63,333  | NIL                    |
| August 31, 2015         | 66,66,167  | NIL                    |
| January 29, 2016        | 29,33,333  | NIL                    |
| September 21, 2017      | 50,00,000  | NIL                    |
| <b>Total</b>            | <b>3,02,58,333</b>   | <b>NIL</b>             |

- Edelweiss Financial Services Limited**

| Date of Purchase / Sale | No. of securities purchased | No. of securities sold |
|-------------------------|-----------------------------|------------------------|
| March 28, 2016          | 46,91,667                   | NIL                    |
| January 31, 2018        | 50,00,000                   | NIL                    |
| <b>Total</b>            | <b>96,91,667</b>            | <b>NIL</b>             |

- Edelweiss Finvest Private Limited**

| Date of Purchase / Sale | No. of securities purchased | No. of securities sold |
|-------------------------|-----------------------------|------------------------|
| August 31, 2016         | 30,00,000                   | NIL                    |
| <b>Total</b>            | <b>30,00,000</b>            | <b>NIL</b>             |

**List of top ten holders of Equity Shares of our Company as on the date of this Prospectus is:**

| <b>Name of shareholders</b>                                     | <b>Total number of Equity Shares held</b> | <b>No of shares in demat form</b> | <b>Total shareholding as % of total no of Equity Shares</b> |
|---|---|-----------------------------------|---|
| Edelcap Securities Limited                                      | 3,02,58,327                               | NIL                               | 70.45   |
| Edelweiss Financial Services Limited                            | 96,91,667                                 | NIL                               | 22.57   |
| Edelweiss Finvest Private Limited                               | 30,00,000                                 | NIL                               | 6.98  |
| Mr. B Renganathan, as nominee of Edelcap Securities Limited     | 1   | NIL                               | Negligible  |
| Mr. Tarun Khurana, as nominee of Edelcap Securities Limited     | 1   | NIL                               | Negligible  |
| Mr. Dipakkumar K Shah, as nominee of Edelcap Securities Limited | 1   | NIL                               | Negligible  |
| Mr. Ashish Bansal, as nominee of Edelcap Securities Limited     | 1   | NIL                               | Negligible  |
| Mr. Vinit Agrawal, as nominee of Edelcap Securities Limited     | 1   | NIL                               | Negligible  |
| Ms. Preeti Chhabria, as nominee of Edelcap Securities Limited   | 1   | NIL                               | Negligible  |
| <b>Total</b>  | <b>42,950,000</b>                         |                                   | <b>100.00</b>   |

**List of top ten holders of Secured Non-Convertible Debentures as:**

List of top ten secured redeemable, non-convertible debenture holders of our Company as on December 31, 2017:

| <b>Name of Holders</b>   | <b>Address</b>  | <b>Amount (in ₹ million)</b> |
|--|---|------------------------------|
| Edelweiss Trusteeship Co Ltd A/C- Edelweiss MF AC- Edelweiss Arbitrage Fund              | Standard Chartered Bank, Crescenzo, Securities Services, 3 <sup>rd</sup> Floor, C-38/39, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 51  | 1,000.00                     |
| Vijaya Bank  | Treasury Management Department, Head Office, 41/2, MG Road, Trinity Circle, Bangalore 560001  | 500.00                       |
| Edelweiss Commodities Services Limited   | Edelweiss House, Off CST Road, Kalina, Mumbai – 98  | 400.00                       |
| UTI-Floating Rate Fund-STP   | UTI AMC Private Limited, UTI Tower, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 51   | 350.00                       |
| Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Medium Term Plan | Citibank NA Custody Services, FIFC, 11 <sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra East, Mumbai – 51                               | 250.00                       |
| The Lakshmi Vilas Bank Limited   | HDFC Bank Limited, Custody Services, Lodha I Think Techno Campus, 8 <sup>th</sup> Floor, Next to Kanjurmarg Station, Kanjurmarg East, Mumbai – 42 | 250.00                       |
| The J&K Bank Limited   | National Business Center, Treasury Operations, 3 <sup>rd</sup> and 4 <sup>th</sup> Floor, Bandra Kurla Complex, Bandra East, Mumbai – 51          | 250.00                       |
| Franklin India Ultra Short Bond Fund   | Citibank NA Custody Services, FIFC, 11 <sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra East, Mumbai – 51                               | 200.00                       |
| Edelweiss Trusteeship Co Ltd A/C- Edelweiss MF AC - Edelweiss Ultra Short Term Fund      | Standard Chartered Bank, Crescenzo, Securities Services, 3 <sup>rd</sup> Floor, C-38/39, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 51  | 50.00                        |
| <b>Total</b>   |   | <b>3250.00</b>               |

**List of top ten holders Unsecured, Redeemable, Non-Convertible Debentures:**

List of top ten unsecured, redeemable, non-convertible debenture holders of our Company as on December 31, 2017:

| Name of Holders  | Address   | Amount<br>(in ₹ million) |
|--|---|--------------------------|
| Axis Bank Limited  | Treasury Operations, Non-SLR Desk, Corp Office, Axis House, Level 4, South Block, Wadia International Center, PB Marg, Worli, Mumbai – 25 | 870.00                   |
| Board of Trustees for Bokaro Steel Employees Provident Fund                              | PF Account, Old Adm. Building, SAIL, Bokaro Steel Plant, Bokaro Steel City, Bokaro – 827001   | 200.00                   |
| Edelweiss Commodities Services Limited   | Edelweiss House, Off CST Road, Kalina, Mumbai – 98  | 200.00                   |
| Edelweiss Tokio Life Insurance Company Limited- Shareholders Fund-Beyond Solvency Margin | Citibank NA Custody Services, FIFC, 11 <sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra East, Mumbai – 51                       | 140.00                   |
| Provident Fund of Axis Bank Limited  | Axis House, Corporate Office, C-2, Wadia International Center, PB Marg, Worli, Mumbai – 25  | 130.00                   |
| HPGCL Employees Pension Fund Trust   | HPGCL Urja Bhawan, C-7, Sector 6, Panchkula, Haryana – 134109   | 120.00                   |
| TCE Employees Provident Fund   | Matulya Centre A, 249 Senapati Bapat Marg, Lower Parel, Mumbai – 13   | 20.00                    |
| Ecap Equities Limited  | Edelweiss House, Off CST Road, Kalina, Mumbai – 98  | 8.00                     |
| JK Paper Limited (JK Paper Mills) Compulsory Employees Provident Fund                    | JK Paper Mills, Jaykaypur, District Rayagada, Orissa – 765017   | 6.00                     |
| National Center for the Performing Arts Employees Provident Fund                         | NCPA Marg, Nariman Point, Mumbai – 21   | 3.00                     |
| <b>Total</b>   |   | <b>1697.00</b>           |

**Debt - equity ratio:**

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹ 22,065.58 million and ₹ 24,039.17 million and shareholder funds amounting to ₹ 3,826.25 million and ₹ 4,367.03 million, respectively as on December 31, 2017 and February 09, 2018.

| Particulars  | (in ₹ million)          |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at December 31, 2017 | As at February 09, 2018 |                         |
|  |                         | Pre-Issue               | Post Issue <sup>#</sup> |
| <b>Debt</b>  |                         |                         |                         |
| Long term borrowings   | 16,813.42               | 16,922.94               | 21,922.94               |
| Short Term Borrowings  | 2,459.43                | 4,323.51                | 4,323.51                |
| Current maturity of long term secured debt   | 2,792.73                | 2,792.73                | 2,792.73                |
| <b>Total Borrowings</b>  | <b>22,065.58</b>        | <b>24,039.17</b>        | <b>29,039.17</b>        |
| <b>Shareholders' funds</b>   |                         |                         |                         |
| Share Capital  | 379.50                  | 429.50                  | 429.50                  |
| <b>Reserves and Surplus</b>  |                         |                         |                         |
| Securities Premium Account   | 2,542.39                | 2,989.07                | 2,989.07                |
| Debenture Redemption Reserve   | NIL                     | NIL                     | NIL*                    |
| Capital Reserve  | 8.18                    | 8.18                    | 8.18                    |
| Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India | 128.96                  | 128.96                  | 128.96                  |

| Particulars  | As at December 31, | As at February 09, |                         |
|--|--------------------|--------------------|-------------------------|
|  | 2017               | 2018               |                         |
|  |                    | Pre-Issue          | Post Issue <sup>#</sup> |
| Surplus in statement of profit and loss                                      | 767.23             | 811.32             | 811.32                  |
| <b>Total Shareholders' funds</b>   | 3,826.25           | 4,367.03           | 4,367.03                |
| <b>Long term borrowings to Equity Ratio (Number of times) (refer note 1)</b> | 4.39               | 3.88               | 5.02                    |
| <b>Total Debt to Equity Ratio (Number of times) (refer note 2)</b>           | 5.77               | 5.50               | 6.65                    |

Notes:

1. Long term borrowings to Equity ratio = Long term borrowings/Total Shareholders' Funds.
2. The long term borrowings to Equity ratio and Total Borrowings to Equity ratio post the Issue is indicative and is on account of assumed inflow of ₹ 5,000 million from the proposed Issue. Total debt to Equity ratio = Total Borrowings/Total Shareholders' Funds.

<sup>#</sup> Assuming the Issue is fully subscribed.

\* DRR will be created as on March 31, 2018 based on the NCDs allotted.

Our Company has not made any acquisition or amalgamation in the last one year.

Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Prospectus.

There has been no change in the promoter holding in our Company during the last financial year beyond 26% (as prescribed by the RBI).

For details on the total outstanding borrowing of our Company as on December 31, 2017, please refer to the chapter titled "**Financial Indebtedness**" beginning on page 155 of this Prospectus.

**Employee stock option scheme:**

Our Company does not have any employee stock option scheme.



## OBJECTS OF THE ISSUE

Our Company has filed this Prospectus for a public issue of 2,500,000 Secured Redeemable Non Convertible Debentures of face value of ₹1,000 each aggregating up to ₹2,500 million, with an option to retain over-subscription up to additional 2,500,000 NCDs amounting to ₹2,500 million aggregating up to ₹5,000 million.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹4,891.70 million, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of our Company; and
2. General Corporate Purposes.

The details of the Net Proceeds are set forth in the following table:

| (₹ in million) |                                |          |
|----------------|--------------------------------|----------|
| Sr No          | Description                    | Amount   |
| 1.             | Gross proceeds of the Issue    | 5,000.00 |
| 2.             | (less) Issue related expenses* | (108.30) |
| 3.             | Net Proceeds of the Issue      | 4,891.70 |

*\*The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

### Requirement of funds and Utilisation of Net Proceeds

The following details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

1. For the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of our Company – up to 75% of the Net Proceeds of the Issue; and
2. For General Corporate Purposes\* – up to 25% of the Net Proceeds of the Issue.

*\*The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

Further, in accordance with the SEBI Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the same group as our Company or who is under the same management as our Company or any subsidiary of our Company. No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors or key managerial personnels or companies promoted by our Promoters nor will any interest out of the proceeds from this Issue accrue to our Promoters, our Directors or key managerial personnels.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property. The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

Our Company shall not use the Issue proceeds for the purchase of any business or purchase of any interest in any business whereby our Company becomes entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof. Further, our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our

management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

### General Corporate Purposes

Our Company intends to deploy up to 25% of the amount raised and allotted in the Issue for general corporate purposes, including but not restricted to routine capital expenditure, renovations, strategic initiatives, meeting any expenditure in relation to our Company as well as meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by the Directors.

### Variation in terms of contract or objects in Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of a contract referred to in the Prospectus or objects for which the Prospectus is issued, except subject to the approval of, or except subject to an authority given by the Shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013 and applicable SEBI Regulations.

### Other Confirmations

Our Board / Securities IPO Committee, as the case may be, certifies that:

- All monies received out of the Issue shall be credited/ transferred to a separate bank account maintained with a Scheduled Bank other than the bank account referred to in Section 40(3) of the Companies Act 2013;
- Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue;
- Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- We shall utilize the Issue proceeds only upon completion of allotment of NCDs and refund process in compliance with section 40 of the Companies Act, 2013 as stated in this Prospectus and on receipt of the minimum subscription 75% of the Issue i.e. ₹1,875 million; and on receipt of listing and trading approval from BSE & National Stock Exchange India Limited and execution of Debenture Trust Deed and Memorandum of Hypothecation to secure the interest of the NCD Holders as stated in this Prospectus in the section titled “*Issue Structure*” beginning on page no. 210 of this Prospectus; and
- Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

### Issue related expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses for the Issue Size of ₹ 5,000 million (assuming the full subscription) are as follows:

| Particulars  | Amount (₹ in million)** | As percentage of Issue proceeds (in %) | As percentage of total expenses of the Issue (in %) |
|--|-------------------------|--|---|
| Fee Payable to Intermediaries  | 9.30                    | 0.19                                   | 8.58  |
| Lead Managers Fee, Selling and Brokerage Commission, SCSB Processing Fee | 84.50                   | 1.69                                   | 78.02   |

| Particulars   | Amount (₹ in million)** | As percentage of Issue proceeds (in %) | As percentage of total expenses of the Issue (in %) |
|---|-------------------------|--|---|
| Registrar to the Issue                                | 1.50                    | 0.03                                   | 1.39  |
| Debenture Trustee                                     | 2.00                    | 0.04                                   | 1.85  |
| Advertising, Marketing, Printing and Stationery Costs | 6.00                    | 0.12                                   | 5.54  |
| Other Miscellaneous Expenses                          | 5.00                    | 0.10                                   | 4.62  |
| <b>Grand Total</b>                                    | <b>108.3</b>            | <b>2.17</b>                            | <b>100.00</b>                                       |

\*SCSBs would be entitled to a processing fee of ₹10/- per Application Form (exclusive of applicable taxes) for processing the Application Forms procured by the Members of Syndicate or registered brokers and submitted to SCSB.

\*\* Exclusive of applicable taxes.

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of allottees, market conditions and other relevant factors.

#### **Funding Plan (Means of finance)**

NA

#### **The summary of the project appraisal report (if any)**

NA

#### **The Schedule of implementation of the project**

NA

#### **Interim Use of Proceeds**

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

#### **Monitoring of Utilization of Funds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant quarters commencing from the financial year ending March 31, 2018, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

## STATEMENT OF TAX BENEFITS

**To**  
**The Board of Directors**  
Edelweiss Retail Finance Limited  
Edelweiss House, Off CST Road,  
Kalina, Mumbai - 400 098.

Dear Sirs,

### **Statement of Possible Tax Benefits available to the debenture holders of Edelweiss Retail Finance Limited**

We, NGS & Co. LLP, Chartered Accountants, hereby report that the enclosed statement states the possible tax benefits available to the debenture holders of Edelweiss Retail Finance Limited (the “**Company**”) under the Income-tax Act, 1961 (amended by The Finance Act, 2017) and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives it faces in the future, it may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

- i) the debenture holders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been / would be met with.

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.

**Yours faithfully,**

**For NGS & Co. LLP**  
**Chartered Accountants**  
**Firm Registration Number: 119850W**

**R.P.Soni**  
**Partner**  
**Membership Number:**

Place: Mumbai  
Date: February 16, 2018

## STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

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### ANNEXURE: STATEMENT OF TAX BENEFITS

#### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested<sup>3</sup>, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

#### **A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')**

##### **I. To the Resident Debenture Holder**

1. Interest on NCD received by Debenture Holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the rate of 10% at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
  - (a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.(w.e.f. 01.06.2008).
  - (b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed Rs 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
  - (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
  - (d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

To illustrate, as on 01.04.2017 -

- the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs. 2,50,000;
- in the case of every individual being a resident in India, who is of the age of 60 years or more

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<sup>3</sup>Refer Section 2(18)(b)(B) of the I.T. Act.

but less than 80 years at any time during the Financial year (Senior Citizen) is Rs. 3,00,000; and

- in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs. 5,00,000 for Financial Year 2017-18.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 2,500 whichever is less to a resident individual whose total income does not exceed Rs. 3,50,000.

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.
3. As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases, it is 36 months immediately preceding the date of its transfer.

As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

4. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 3 above would also apply to such short term capital gains.
5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

6. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

## **II. To the Non Resident Debenture Holder**

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:
  - (a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
  - (b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.
  - (c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
  - (d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115I of the I.T. Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,
  - (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
  - (b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E, and 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.
4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose

gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. The income tax deducted shall be increased by a surcharge as under:
  - (a) In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 50,00,000 and 15 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 1,00,00,000.
  - (b) In case of foreign companies, where the income paid or likely to be paid exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds Rs. 10,00,00,000, surcharge at 5% of such tax is payable.

Further, 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is also deductible. However Union Budget 2018 has amended the education cess and secondary education cess and replaced it with 4% health and education cess w.e.f. 1 April 2018

6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the I.T. Act or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F alongwith TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013.
7. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.
8. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

### **III. To the Foreign Institutional Investors (FIIs/FPIs)**

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs/FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.



3. Short Term capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD.
4. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified<sup>4</sup> by the Government.
5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs/FPIs.
6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

#### **IV. To the Other Eligible Institutions**

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

#### **V. General Anti-Avoidance Rule ('GAAR')**

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter alia denial of tax benefit, applicable w.e.f 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

#### **VI. Exemption under Sections 54EC and 54F of the I.T. Act**

1. Under section 54EC of the I.T. Act, long term capital gains arising to the Debenture Holder(s) on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the amount of exemption with respect to the investment made in the aforesaid notified bonds during the financial year in which the debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs. Where the benefit of section 54EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act. However, Union Budget 2018 has discontinued for the above benefit on all asset except Land and Building.
2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house,

<sup>4</sup>Refer Notification No. 56/2013 [F.No.149/81/2013-TPL]/SO 2311(E), dated 29-7-2013. As per the said Notification, in case of bonds issued on or after the 1st day of July, 2010, the rate of interest shall not exceed 500 basis points (bps) over the Base Rate of State Bank of India applicable on the date of issue of the said bonds.

or for construction of a residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

## **VII. Requirement to furnish PAN under the I.T. Act**

### 1. *Sec.139A(5A)*

Section 139A(5A) requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.

### 2. *Sec.206AA*

(a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIII ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:

- (i) at the rate specified in the relevant provision of the I.T. Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the Act shall not apply on payments made to non-resident deductees who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia TRC and Tax Identification Number (TIN).

- (b) A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.
- (c) Where a wrong PAN is provided, it will be regarded as non furnishing of PAN and Para (a) above will apply apart from penal consequences.

## **VIII. Taxability of Gifts received for nil or inadequate consideration**

As per section 56(2)(x) of the I.T. Act, where an Individual or Hindu Undivided Family receives debentures from any person on or after 1st April 2017,:

- (i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
- (ii) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated on section 56(2)(x) of the Act.

## **IX. Where the Debenture Holder is a person located in a Notified Jurisdictional Area ('NJA') under section 94A of the I.T. Act**

Where the Debenture Holder is a person located in a NJA [at present, Cyprus has been notified<sup>5</sup> as NJA], as per the provisions of section 94A of the I.T. Act -

- All parties to such transactions shall be treated as associated enterprises under section 92A of the

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<sup>5</sup>Notification No. 86/2013, dated 1 November, 2013 published in Official Gazette through SO 4625 GI/13

I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.

- No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorisation in the prescribed form authorizing the CBDT or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution [Section 94A(3)(a) read with Rule 21AC and Form 10FC].
- No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed [Section 94A(3)(b) read with Rule 21AC].
- If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee [Section 94A(4)].
- Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:
  - (i) at the rate or rates in force;
  - (ii) at the rate specified in the relevant provision of the I.T. Act; or
  - (iii) at the rate of thirty per cent.

The Union Budget 2017 had introduced section 94B to counter cross-border shifting of profit through excessive interest payments. As per the amended section 94B, expenditure for interest or similar nature **incurred** by an Indian company or a permanent establishment ("PE") of a foreign company in India to its Associated Enterprises (AE) shall be restricted to 30 percent of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to Associated Enterprise, whichever is less.

The provisions of Section 94B are attracted if expenditure pertaining to interest or similar nature exceeding one crore rupees which is deductible in computing its income chargeable under the head "Profits and gains of business or profession" ("PGBP") is incurred by the borrower.

## **B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957**

Wealth-tax is not levied on investment in debentures under section 2(ea) of the Wealth-tax Act, 1957. The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from 1 April 2016 which shall then apply in relation to FY 2015-16 and subsequent years.

### **Notes**

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957 (collectively referred to as 'direct tax laws') and does not cover benefits under any other law.
3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2018-19 (considering the amendments made by Finance Act, 2017).
4. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.
5. This statement is intended only to provide general information to the Debenture Holder(s) and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held

by joint holders.

7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.
9. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.
10. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to 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 any other person in respect of this statement.

## SECTION IV - ABOUT OUR COMPANY

### INDUSTRY

*The information in this section has not been independently verified by us, the Lead Managers, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded-off for presentation in the Prospectus.*

*This section contains copies of certain tables and charts from the CRISIL Research – Assessment of various financial products dated February 2018. References to “2014-15”, “2015-16” and “2016-17”, etc., or “FY 15”, “FY 16” and “FY 17”, etc. or “Mar-15”, “Mar-16” and “Mar-17, etc. or “Fiscal 2015”, “Fiscal 2016” and “Fiscal 2017” in these tables and charts are to the financial years ended March 31, 2015, March 31, 2016 and March 31, 2017, etc., or as at March 31, 2015, March 31, 2016 and March 31, 2017, etc., as applicable. The use of the letter “E” after a number means it is an estimated number and the use of the letter “P” after a number means it is a projected number.*

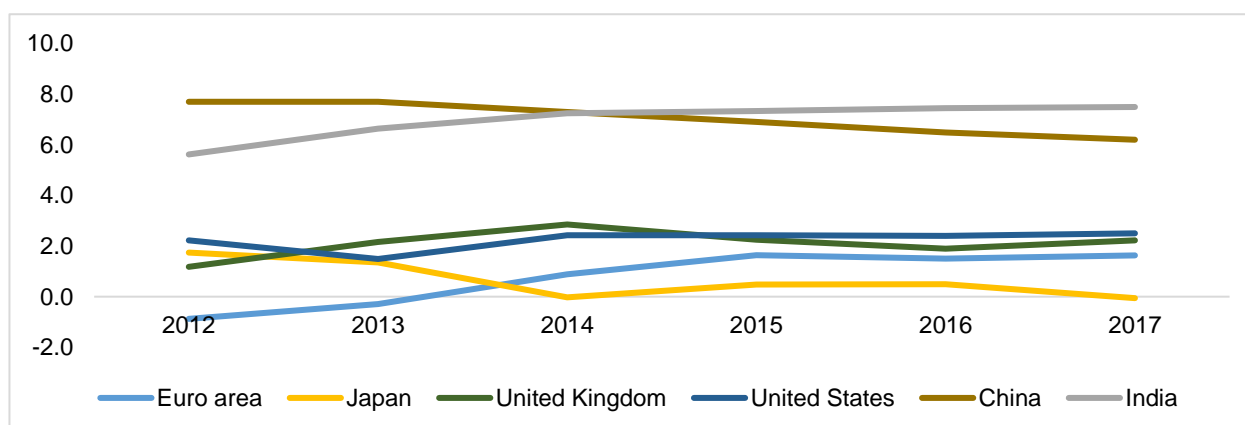
### OVERVIEW OF INDIAN ECONOMY

#### India one of the fastest-growing economies

*From a global context, India stands out for two reasons – stable macros and prudent fiscal and monetary policies*

India is one of the fastest-growing economies in the world. Over the last three fiscal years, there has been a gradual improvement in India’s macro story because of which the growth-inflation mix has improved, and durably so. Both fiscal and monetary policies are more prudent, focusing on raising the quality of growth and not just the rate of growth. The Government has adopted an inflation-targeting framework that provides an institutional framework for inflation control, while modernising central banking. Fiscal policy has managed to stay mildly growth-focused, while managing a gradual reduction in the deficit. The upshot is that India’s macros are a lot more stable, and the economy is pretty resilient to global shocks.

GDP growth (percentage change)



Source: IMF, CRISIL Research: *CRISIL Research – Assessment of various financial products dated February 2018*

## Review of India's GDP growth

*GDP grew at CAGR 6.7% over last 5 years*

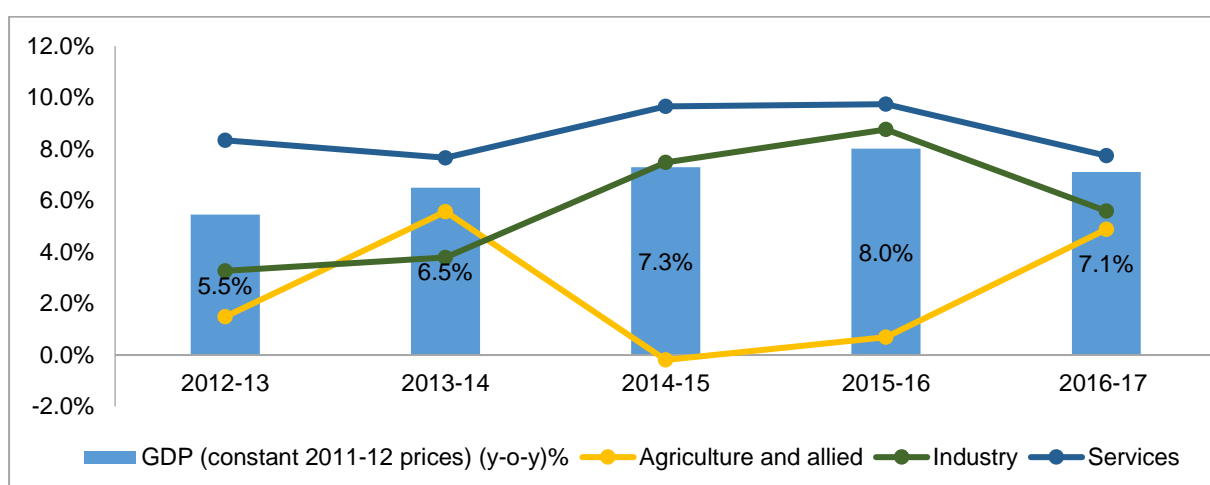
India adopted a new base year (2011-12) to calculate GDP, which led to the GDP rising to ₹ 122 trillion in 2016-17 from ₹ 88 trillion in 2011-12; representing a 6.7% CAGR. The Central Statistics Office (CSO) released the GDP estimates for the fourth quarter of fiscal 2017 (January-March 2017) and 2016-17 on May 31, 2017. This was the first GDP release incorporating the new 2011-12-based wholesale price index (WPI) and the Index of Industrial Production (IIP) series.

Contrary to the consensus of a rise in real GDP growth – on account of higher share of IIP and lower WPI in the new series – real GDP in 2016-17 clocked a growth of 7.1%. This was because of the impact of demonetisation and the fact that the deflator in the fourth quarter of fiscal 2017 had risen sharply. However, different components of GDP in 2016-17 did see their growth estimates change on both the demand and supply sides.

Industrial growth slowed to 5.6% in 2016-17 from 8.8% in 2015-16 because of a sharp slowdown in mining growth to 1.8% from 10.5% in 2015-16 and a slowdown in construction activity to 1.7% from 5%.

Inflation based on the consumer price index (CPI) dropped to a record low of 1.5% in June 2017, led by food. Lately, the decline in food inflation has become more broad-based as categories other than pulses and vegetables, such as cereals, fruits, sugar, edible oils, milk and eggs, have also seen a steady decline. Record growth in food production in 2016-17, healthy progress of the monsoon and continued decline in vegetables inflation, supported by a high-base effect, are the main factors behind easing food inflation. WPI-based inflation slid for the fourth consecutive month in July, printing at 0.9%. This can be attributed to the continued plunge in food and fuel inflation and moderation in core inflation. CRISIL Research expects CPI to average at 4% in 2017-18 (down from 4.5% in 2016-17).

### Annual GDP growth (%)



*(Source: CSO, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018)*

### Outlook on GDP growth

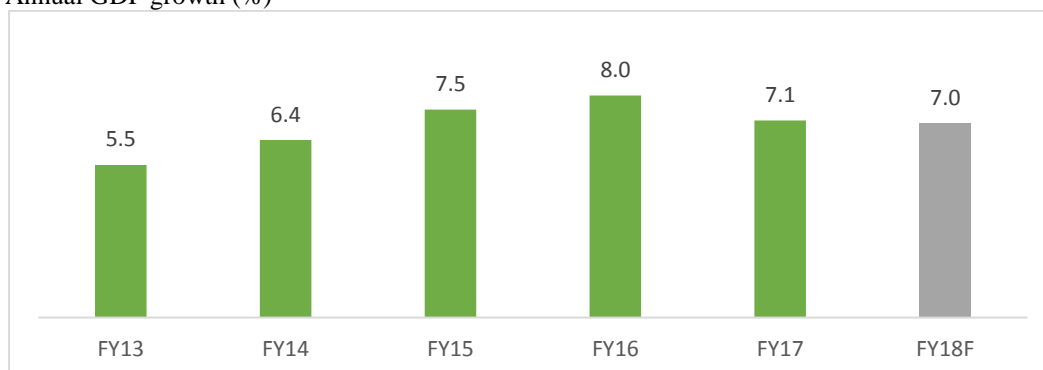
*Growth forecast at 7.0% in fiscal 2018; to pick up pace gradually*

The Indian economy can only grind its way up in an environment of subdued global growth and weak domestic investments. CRISIL Research estimates GDP growth in 2017-18 at 7% driven by growth in agriculture and services sector.

On the external front, though global growth prospects this fiscal appear somewhat better relative to last, factors such as the falling trade intensity of growth, geo-political risks and uncertainties surrounding the pace of normalisation of monetary policy in advanced nations, and appreciation of rupee would mean contribution of

exports to domestic economic growth would be limited. Manufacturing growth could, therefore, slow down to 7.6% in 2017-18 from 7.9% in 2016-17.

Annual GDP growth (%)



*F: Forecast*

(Source: CSO, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018)

#### *Agricultural growth expected to be buoyant*

Rainfall in 2017 has been just 5% below the long period average at an all-India level, or what is considered normal. Six states have seen deficient rains, i.e., rainfall deficiency of more than 10% of normal, whereas nearly eight states have been inundated by excess rains, causing floods and flood-like situation.

The rains have been somewhat unevenly distributed. Some large crop producing states such as Haryana, Uttar Pradesh and Punjab have received less-than-normal rainfall, but the impact is by and large absorbed by their adequately large irrigation cover. On the other hand, Kerala, Madhya Pradesh and Karnataka have not only received inadequate rainfall, but also have relatively lesser irrigation cover. However, as these states together contribute less than 5% of all-India kharif production, the overall sowing is progressing at a healthy pace.

As of August-end, total kharif sowing was 3.3% higher on-year and 5% higher than normal. But given the high base of 4.9% last fiscal, CRISIL Research expects agriculture to grow at best around 3%.

#### *Structural reforms to push economic growth higher in the next five years*

CRISIL Research expects the pace of economic growth to pick up in the medium term, as structural reforms, such as GST and Bankruptcy Code, aimed at removing constraints and raising the trend rate of growth, begin to have an impact on the economy. Assuming the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. An improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class, and business-friendly government reforms will drive growth in the long term. As per the IMF, the Indian economy is projected to grow at a 7.7% CAGR over the next five years. Growth will be higher than many emerging as well as developed economies, such as Brazil, Russia and China.

#### **Household investments in financial assets and capital markets**

| Year    | Financial assets<br>(₹ Billion) | Shares, Mutual<br>Funds(MFs) and<br>Debentures<br>(₹ Billion) | Shares, MFs and Debentures as<br>% investment in Financial<br>assets |
|---------|---------------------------------|---|--|
| 2011-12 | 9,327                           | 165   | 1.8%   |
| 2012-13 | 10,640                          | 170   | 1.6%   |
| 2013-14 | 11,908                          | 189   | 1.6%   |
| 2014-15 | 12,826                          | 198   | 1.5%   |
| 2015-16 | 15,142                          | 413   | 2.7%   |
| 2016-17 | 18,205                          | 1,826   | 10.0%  |

*Note: Data for 2014-15 and 2015-16 are provisional and that for 2016-17 is based on preliminary estimates  
Capital market includes 'Share and debentures' and 'units of Unit Trust of India (UTI)'.*

*Shares and Debentures include investment in shares and debentures of credit / non-credit societies and investment in MFs (other than Specified Undertaking of the UTI).*

*(Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018)*

## NBFC OVERVIEW

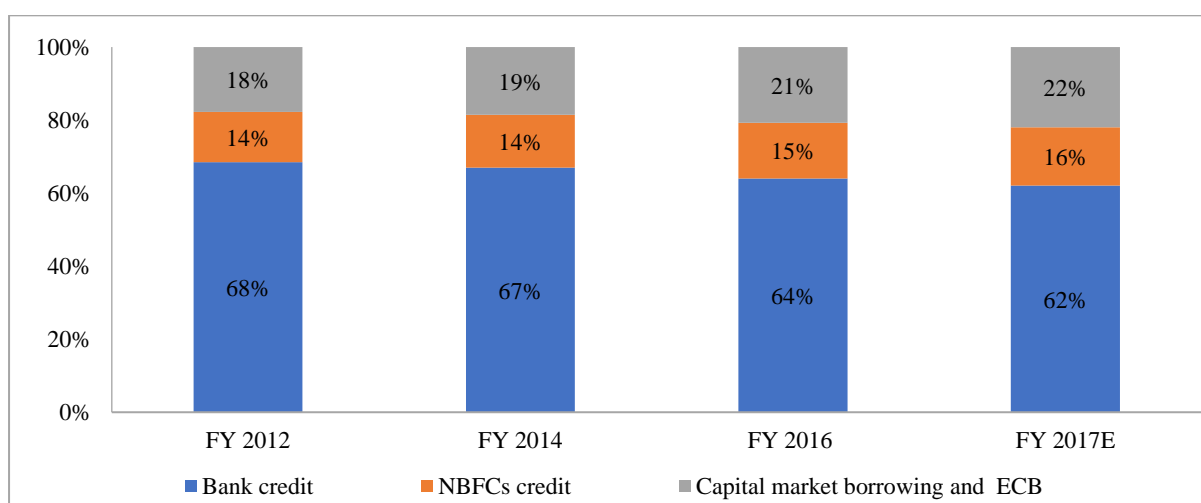
NBFCs a critical cog in credit system

Financing requirements in India have risen in sync with the economy's notable growth from fiscal 2008 onwards. Non-banking financial companies (NBFCs) have played a major role in meeting this need, complementing banks and other financial institutions.

NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked masses in rural and semi-urban reaches and lend to the informal sector and individual without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion.

Going forward, NBFCs will have to sharpen focus on their core strengths, diversify their portfolio, and create a niche with new offerings to help them grow in the competitive financial market. Given the positive operating conditions, well-capitalised NBFCs, and public sector banks struggling on asset quality front, there is significant scope for NBFCs to not only gain market share but also enter newer areas.

NBFCs share in systemic credit is growing steadily



*Note: 1. Co-operative banks are not included in bank credit; 2. Capital market borrowing includes; commercial paper, ECB (excl banks and NBFCs) and corporate bonds (excl banks and NBFCs)*

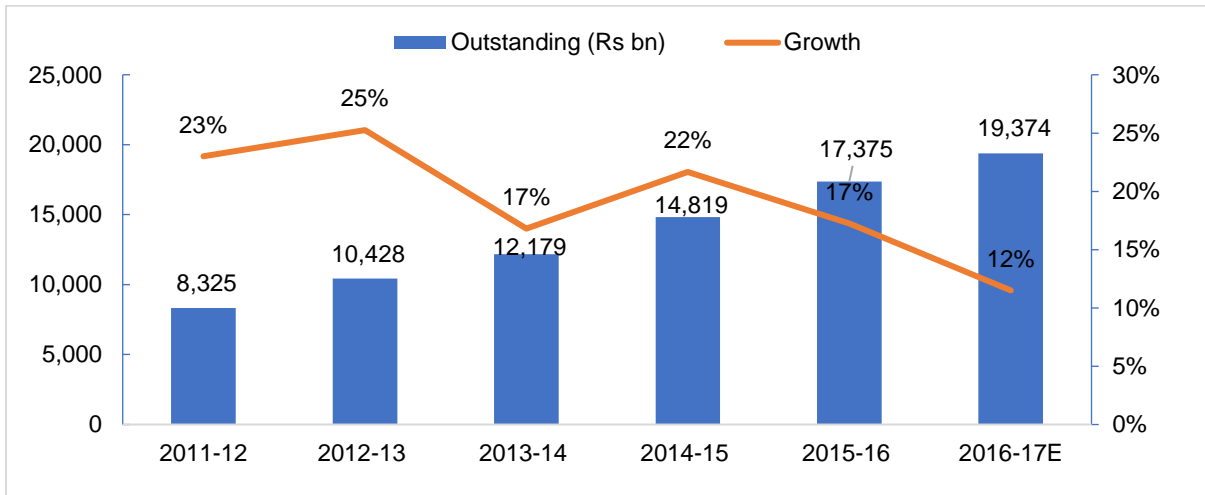
*Source: RBI, SEBI, Company Reports, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

### NBFC credit has grown at an impressive pace

The outstanding credit of NBFCs expanded at a compound annual growth rate (CAGR) of 18% since fiscal 2012. But this growth has not been uniform across segments. Microfinance has recorded the highest CAGR of 42%, while MSME finance and loan against property also grew at over 40% and 30%, respectively. Housing, auto and infra loans grew moderately (CAGR of approximately 15%), while the gold finance and construction equipment finance segment remained stable during fiscals 2012 and 2017. In FY17, the overall growth declined mainly because of subdued growth in infrastructure sector (which constitute around 30% of NBFCs loan outstanding in FY17).

NBFCs outstanding grew at 18% CAGR since fiscal 2012



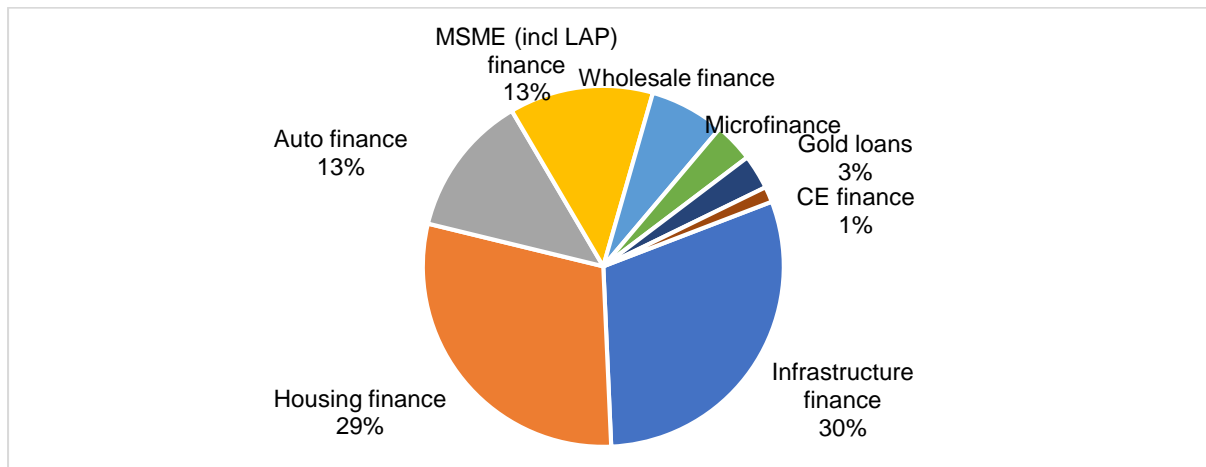


Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018

**NBFCs present across diverse asset classes; infrastructure and housing loans are the largest segments**

NBFC advances are skewed towards infrastructure and housing finance, which together constitute around 60% of overall advances. However, the share of wholesale financing and MSME loans has increased in FY17 led by y-o-y growth of ~30% in each of them. Housing finance and microfinance segment also recorded strong growth of 17% and 15%, respectively, in fiscal 2017. However, infrastructure loans, which have the highest share, showed subdued growth during the same period.

Infrastructure finance and housing finance accounts for ~60% of portfolio

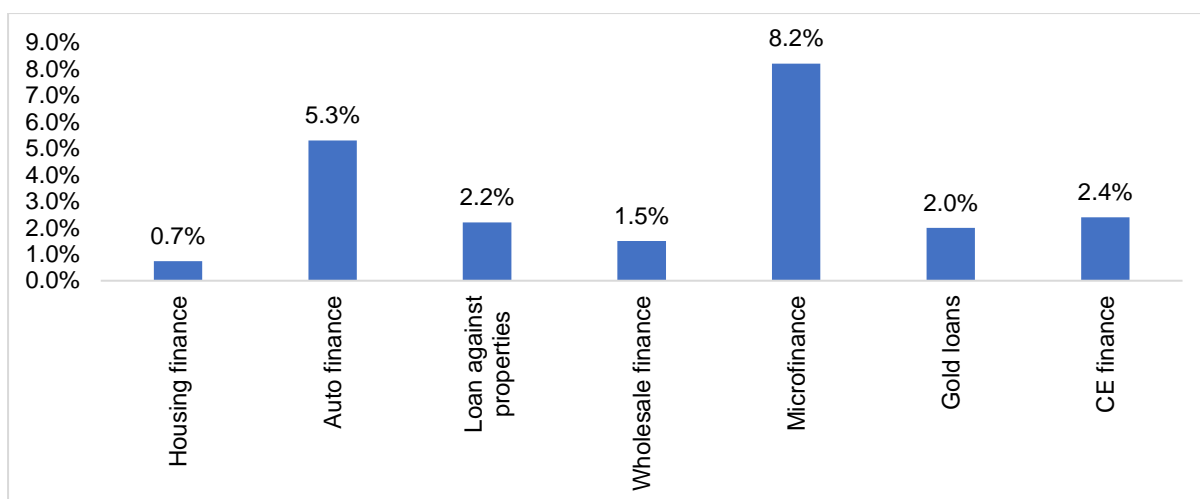


Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018

**Microfinance sector has highest GNPA among the segments**

Demonetisation had impacted the asset quality of microfinance sector the most and the portfolio at risk (PAR)-90 rose to ~8.2% in fiscal 2017. However, asset quality for housing finance and wholesale finance remained stable, whereas it has improved for gold loan segment owing to increase in gold price during the year.

Asset quality (as of March 31, 2017) is the best in housing finance sector



*Note: figures in above chart refers to 90 day gross non-performing assets*

*Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

### **Key enablers of growth for NBFCs**

#### *Aggressive approach to tap the underserved segment*

Formal finance penetration in India has been very low mainly because of non-availability of financing options in rural or semi-urban areas, where the majority of funding needs were fulfilled by the moneylenders and other informal channels. NBFCs aggressively tapped this space as banks were reluctant to provide loans due to higher risk.

#### *Niche focus*

Banks focus on a gamut of asset classes to provide loans, but NBFCs are specialised in certain segments and thus are better able to focus on those. Niche market and customer segmentation have helped NBFCs to develop a unique methodology leading to an increase in market share. Also, NBFCs offer loan to unorganised and small players in the market. These players lack proper books of accounts, but NBFCs consider these unorganised players by looking at their cash-flow generating potential of businesses. NBFCs consider surrogates, too, to assess the income of borrowers.

#### *Understanding the market and customising product to customer needs*

As NBFCs focus on certain geography or asset classes, they are better able to understand the market economics, regional culture and customer needs. Unlike banks, NBFCs focus less on a rule based and more on a customised lending approach, where they understand customer requirements and assess their repayment ability.

#### *Cautious lending by banks due to asset quality and capital adequacy concerns*

Banks are facing higher Gross NPAs in their corporate loan books thus are cautious in lending aggressively to some sectors. CRISIL Research expects this situation to continue for some time. Also, the requirement of higher capital adequacy norms deter them from taking higher exposure in certain sectors. NBFCs are capitalising on this opportunity and increasing their market share.

#### *Higher LTV*

NBFCs' offer higher loan amounts against a security when compared to banks. If a top-up is required due to some contingency NBFCs' are more responsive and quicker to help with less or no additional collateral.

#### *Lower turnaround time*

In the case of immediate requirement of funds for operations or for buying machinery for production or for working capital requirement, the loan processing time taken by NBFCs is lesser than banks.

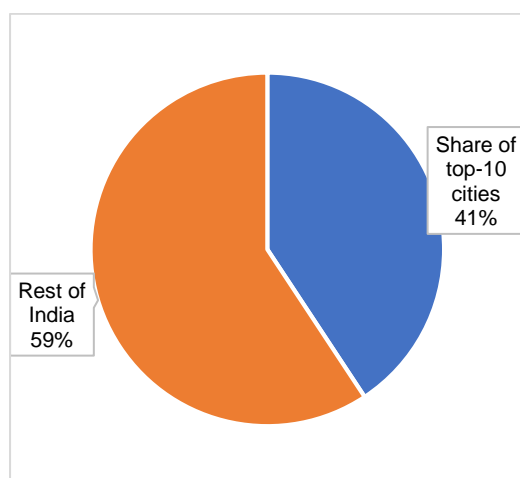
*Less stringent documentation requirements*

NBFCs' require less documentation and the loan appraisal process is efficient. NBFCs offer doorstep services and help the clients through the entire process.

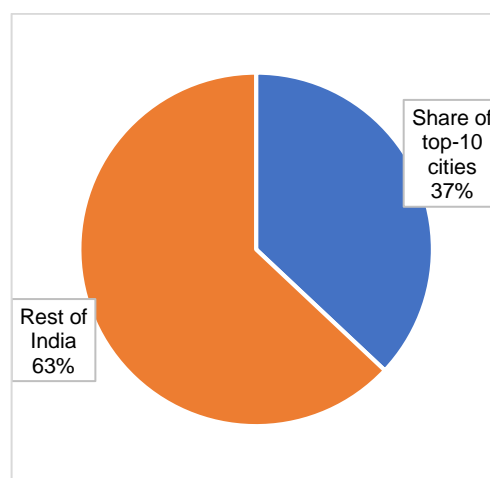
*Retail loan outstanding share is increasing from outside the top 10 cities*

The total retail loan outstanding share of outside the top-10 cities has increased steadily between fiscal 2011 and 2016 primarily led by increasing housing loan and auto demand from the tier-II and lower cities. CRISIL Research expects the share of top-10 cities to further reduce supported by higher affordable housing projects coming into smaller cities as well as increasing vehicle loan demand.

**Banks share in top-10 cities in 2010-11**



**Banks share in top-10 cities in 2015-16**



*Note: share is calculated based on total personal loan market size. Data is only for banks*

*Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

*Note: share is calculated based on total personal loan market size. Data is only for banks*

*Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

### Competitive positioning of NBFCs in different segments

| NBFC segment                   | Competitive positioning  |
|--------------------------------|--|
| Housing Finance                | Competitive interest rates, better customer service; focusing on higher yielding segments like Loan against property and developer loans                   |
| Auto finance                   | Catering to relatively less credit worthy customers, strong presence in used vehicles, faster processing, lower documentation, customised offering         |
| Gold loans                     | Higher LTV, lower turn-around-time, lower documentation, niche focus enables them offer better customer experience   |
| LAP + MSME                     | Strong origination skills, superior customer knowledge, better collection mechanisms, faster loan processing, cash flow based credit appraisal             |
| Construction equipment finance | Focus on Hirer/Retail segment, higher LTV offering, wide reach, flexibility in repayment, simple documentation, doorstep collection, lower turnaround time |
| Microfinance                   | Extensive reach, lower interest rates as compared to local money-lenders   |
| Wholesale finance              | Strong origination skills, Customised product offering and focus on real estate funding and  |

*Source: CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

### Key growth enablers for retail finance segment

### *Aadhaar to prevent identity fraud*

The Unique Identification Authority of India (UIDAI) was established on January 28, 2009, after a notification was issued by the Planning Commission with the target to issue an Aadhaar number to every resident of India. As per the Ministry of Electronics and IT, Aadhaar has been issued to over 90% of the adult population of India as on January 27, 2017. The Aadhaar number will be used to verify the identity of a person receiving a subsidy or a service. Aadhaar number will help financial institutions establish the identity of the borrower and thus prevent any kind of identity fraud by the borrower.

### *Credit risk mitigation by credit bureaus*

Credit bureaus such as TransUnion, CIBIL Limited (formerly Credit Information Bureau (India) Limited), Equifax and Highmark are engaged in collecting data from several financial institutions and building a comprehensive database that captures the credit history of borrowers. These databases are updated on a weekly basis. Availability of this data gives the financial institution complete information of the credit history of the potential borrower and thus helps in preventing fraud. Knowledge of the fact that present credit transactions will have an impact on availability of credit in future will foster a culture of credit compliance among borrowers.

### *Digitisation to facilitate credit appraisal process and reduce credit costs*

Financial institutions take some form of collateral against the loan they grant. Many times, this collateral is the immovable property of our Company or its owners. Analysing the property documents in physical form and confirming their authenticity is a time consuming, cost intensive and tedious task for the financial institutions. The Government of India has taken steps to facilitate e-registration of immovable properties in India. E-registration has provided a lot of transparency pertaining to property details and will thus facilitate credit appraisal process of financial institutions and help them control costs.

### **Key regulatory distinction between NBFC and banks**

Given the importance of NBFCs in financial system, especially in accessing public funds and interconnectedness with banking, they are subject to prudent regulations by the Reserve Bank of India. Further, rapid growth of NBFCs has gradually blurred dividing lines between banks and NBFCs. While the regulations are moving towards a convergence of norms for banks and NBFCs, there are certain differences in statutory liquidity ratio (SLR) requirements, applicability of cash reserve ratio (CRR) and priority sector norms. The Union Budget 2015-16 allowed NBFCs with an asset base of ₹ 5,000 million and above to use the SARFAESI Act in respect of loans worth ₹ 10 million and above, thus enabling them to reduce their non-performing assets (NPAs) by adopting measures for recovery or reconstruction.

### Regulatory distinction between banks and NBFCs

|                                 |        | <b>NBFC - ND - SI</b> | <b>NBFC - D</b>  | <b>Banks* (Basel - III)</b> |
|---------------------------------|--------|-----------------------|------------------|-----------------------------|
| Minimum net owned funds         |        | ₹ 20 million          | ₹ 20 million     | ₹ 5 billion                 |
| Capital adequacy                |        | 15.0%                 | 15.0%            | 9.0%                        |
| Tier - I capital                | Mar-15 | 7.5%#                 | 7.5%#            | 7.0%                        |
|                                 | Mar-16 | 8.5%                  | 8.5%             | 7.0%                        |
|                                 | Mar-17 | 10%                   | 10%              | 7.0%                        |
| GNPA recognition                | Mar-15 | 180 days              | 180 days         | 90 days                     |
|                                 | Mar-16 | 150 days              | 150 days         | 90 days                     |
|                                 | Mar-17 | 120 days              | 120 days         | 90 days                     |
|                                 | Mar-18 | 90 days               | 90 days          | 90 days                     |
| Cash reserve ratio (CRR)        |        | n.a                   | n.a              | 4.0%                        |
| Statutory liquidity ratio (SLR) |        | n.a                   | 15.0%            | 19.5%                       |
| Priority sector                 |        | n.a                   | n.a.             | 40% of advances             |
| Sarfaesi eligibility            |        | Yes*                  | Yes*             | Yes                         |
| Exposure norms                  |        | Single borrower:      | Single borrower: | Single borrower: 15% (+5%   |

|                       |       | NBFC - ND - SI  | NBFC - D                       | Banks* (Basel - III)  |
|-----------------------|-------|---|--------------------------------|---|
|                       |       | 15% (+10% for IFC)<br>Group of borrowers: 25%<br>(+15% for IFC) | 15%<br>Group of borrowers: 25% | for infrastructure projects)<br>Group of borrowers: 40%<br>(+10% for infrastructure projects) |
| Standard provisioning | asset | Mar-15  | 0.25%                          | 0.25%   |
|                       |       | Mar-16  | 0.30%                          | 0.30%   |
|                       |       | Mar-17  | 0.35%                          | 0.35%   |
|                       |       | Mar-18  | 0.40%                          | 0.40%   |

Notes:

*n.a: not applicable*

*Minimum net owned funds for NBFC-MFI and NBFC - Factors is ₹ 50 million*

*#currently 10% for Infrastructure finance companies and proposed to be increased to 10% for all NBFCs except - gold loan NBFCs, captive NBFCs and NBFCs lending to sensitive sectors, who will have to maintain 12%.*

*Under phase-wise implementation of Basel III by March 2018; numbers are excluding capital conservation buffer of 2.5%*

*\*Union budget 2015-16 allowed NBFCs to use SARFAESI Act, NBFCs with asset base of ₹ 5,000 million or above, in respect of loans ₹ 10 million or above*

*Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

NBFCs lend and make investments similar to banks; however, there are a few differences: NBFCs cannot accept demand deposits or issue cheques drawn on themselves; they do not form part of payment and settlement system; and deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

In January 2014, the Reserve Bank of India aligned loan restructuring norms of NBFCs with those of banks. The guidelines are applicable for all NBFCs in corporate debt restructuring (CDR) as well as non-CDR (bilateral) cases. The guidelines stipulate provisioning to be increased to 5% for fresh accounts (flow) with immediate effect while in case of stock; the provisioning has to gradually increase to 5% by fiscal 2018. Restructuring of accounts were withdrawn from April 1, 2015, and any change in terms/conditions of lending with regards to interest rate and tenure would be considered as restructuring (except in cases where delay is on account of extension in date of commencement of commercial operations). Even Gross NPA recognition norms will be aligned with those of banks by March 31, 2018.

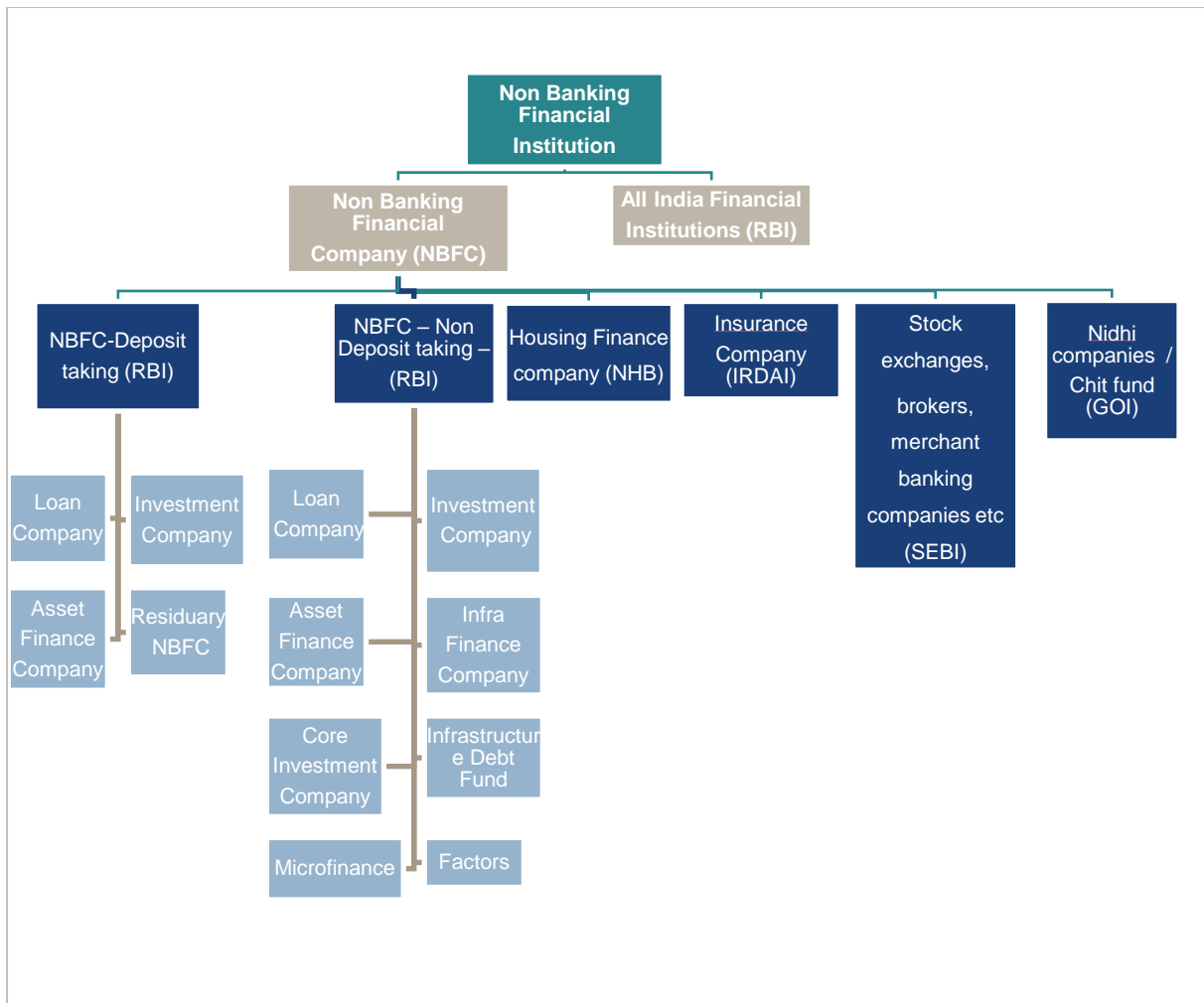
New provisioning requirement for NBFCs

| Particulars  | Provisioning requirements |
|--|---------------------------|
| On Stock of loans class as restructured as of March 31, 2015 |                           |
| - as of March 31, 2015                                       | 2.75%                     |
| -as of March 31, 2016  | 3.50%                     |
| -as of March 31, 2017  | 4.25%                     |
| -as of March 31, 2018  | 5%                        |
| On fresh loans sanctioned+ restructured after March 31, 2015 | 5%                        |

### Constituents of NBFC industry in India

The Indian financial system includes banks and non-banking financial institutions. Though the banking system dominates financial services, non-banking financial institutions have grown in importance by carving a niche for themselves in under-penetrated regions and unbanked segments.

*Structure of non-banking financial institutions in India*



*Note: The regulatory authority for the respective institution is indicated within the brackets.*

*All-India financial institutions include NABARD, SIDBI, and EXIM Bank.*

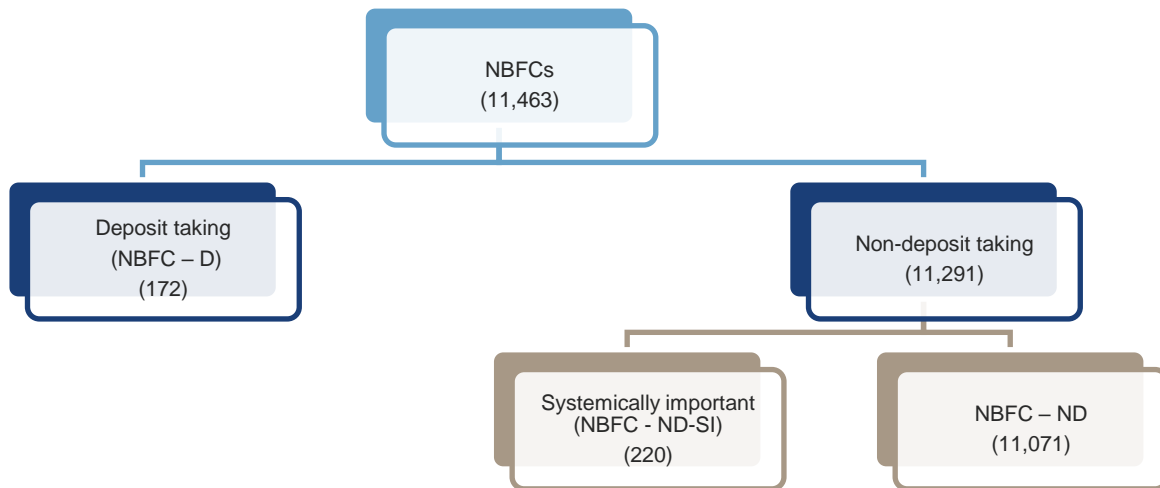
*Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

### **Classification of NBFCs**

NBFCs are classified on the basis of liabilities into two broad categories: a) deposit-taking; and b) non-deposit-taking. Deposit-taking NBFCs (NBFC-D) are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms, etc.

Further, in 2015, non-deposit-taking NBFCs with an asset size of ₹ 5,000 million and above were labelled as ‘systemically important non-deposit taking NBFCs’ (NBFC–ND–SI) and separate prudential regulations were made applicable to them.

## Classification of NBFCs based on liabilities



Note: Figures in brackets represent the number of entities registered with RBI as of August 2017.

Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018

### Key risks

#### *Increasing competition*

Over the past few years, competition from banks have been steadily increasing for NBFCs. Banks are saddled with high NPAs from corporate loans and have thus shifted their focus to retail loans. With lower cost funds available at their disposal as compared to NBFCs, banks have the ability to increase their customer base at a fast pace.

#### *Less creditworthy customers*

Customers with a strong financial profile demand a lower rate of interest on credit. NBFCs cannot compete with banks on the interest rate factor. Thus, NBFCs have a tendency to lend to relatively less credit worthy customers.

#### *Highly susceptible to economic downturns*

NBFCs concentrate on weaker customer profiles (customers have single stream of cash flows) compared with banks as these customers are very susceptible to economic downturn. If the trough phase extends they do not have enough financial reserves to overcome the slack period.

#### *Concentration risks*

NBFCs generally focus on a few asset classes and/or customer segments while lending. If the asset class or customer segment faces any kind of downturn, the business of the NBFC would be affected to a great extent. For example, if the gold loans segment faces any downturn there would be heavy repercussions for NBFCs which specialise in loans against gold.

#### *Entry of small finance banks*

The RBI has granted licenses to small finance banks (SFBs), and mandates that SFBs allocate 75% of their loans towards priority sector lending. The entry of SFBs will result in increased competition for NBFCs. RBI has mandated SFBs to open 25% of their branches in unbanked rural areas, and 50% of their loans must be in the ₹ 2.5 million range. SFBs could thus affect small ticket lending of NBFCs.

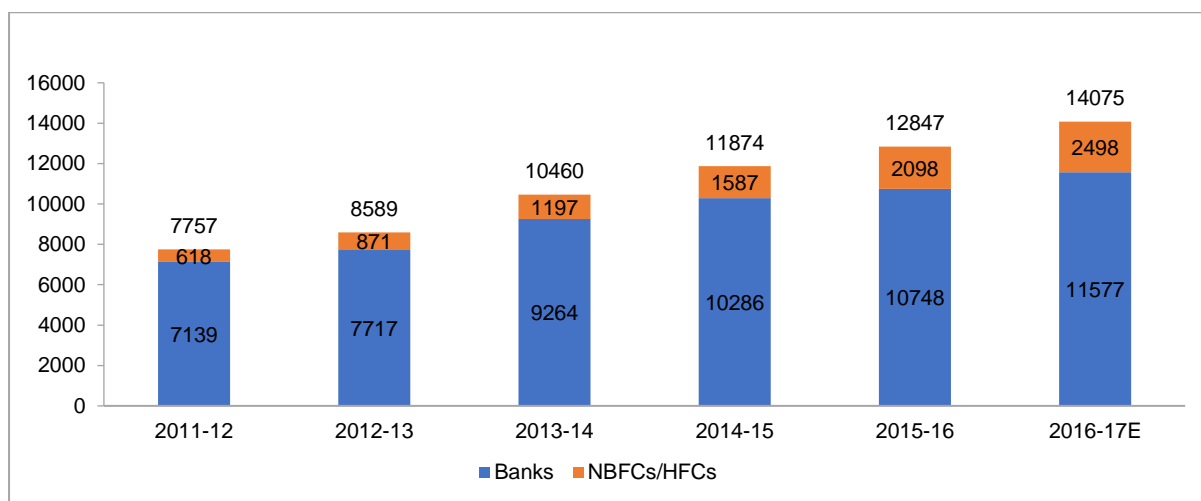
## MSME Finance

*NBFCs/HFCs have grown faster compared to banks*

Micro, small and medium enterprise (MSME) credit, including loan against property (LAP), rose at 12-13% compound annual growth rate (CAGR) over fiscal 2012 to 2017 to around ₹ 14 trillion. Growth of MSME credit (including LAP) outpaced banking system's industry credit which grew at 6.7% CAGR, over fiscal 2012 to 2017. Bank MSME credit grew a slow 7-9% annually until fiscal 2013. In fiscal 2014, though, bank MSME credit growth picked up, driven by a revival in demand, especially during the second half of fiscal 2014. However, this was an aberration; bank MSME credit growth slowed to 5-7% CAGR once again (fiscal 2015 to 2017) on mounting concerns over asset quality, capital issues with public sector banks (PSBs) and demonetisation.

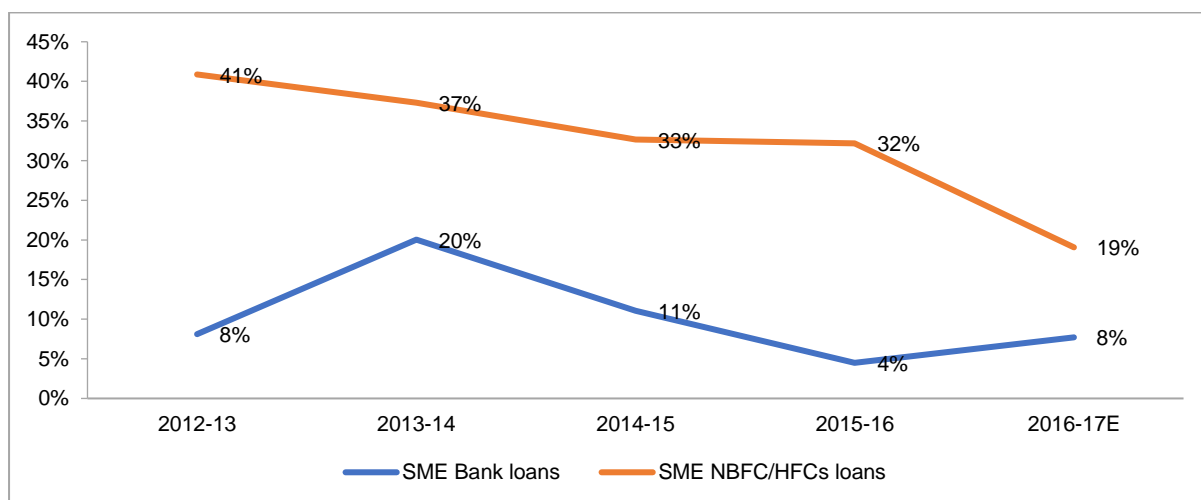
Non-banking financial companies' (NBFCs) and Housing Finance Companies' (HFCs) loan-book growth outpaced MSME credit growth of banks, over fiscal 2012 to 2017, growing at a CAGR of 32%. NBFCs and HFCs credit growth was also impacted in the second half of fiscal 2017 due to demonetisation, as cash, which is an integral part of the daily operations of small and medium enterprises (SMEs), especially wholesale and retail traders, was in short supply.

MSME credit growth trend



*E: Estimated; Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

NBFCs/HFCs AUM growth vis-à-vis banks





*E: Estimated*

*Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018*

### **Key differences between MSME loans and LAP**

Financiers offer secured as well as unsecured MSME loans. Security in MSME loans is majorly provided through a mix of primary and secondary collateral. Primary collateral include: Plant & Machinery and current assets of the MSME etc. Secondary collateral includes: immovable assets (commercial & residential properties) and shares etc.

LAP is a secured loan which is provided solely on the basis of security of property (commercial, residential, industrial properties or plot) of the loan applicant. While these loans are generally used for business purposes, no other business collateral (equipment, stocks) is taken.

### **Banks dominate, but NBFCs and HFCs' market share in overall MSME credit expanding**

Banks dominate the MSME lending market, with PSBs leading the pack. But their share has been steadily declining. PSBs' credit growth has weakened because of concerns over mounting bad debts. As of March 2017, NBFCs and HFCs together accounted for approximately 18% of outstanding SME loans, as compared to 8% as on March 2012.

Compared with banks, NBFCs and HFCs have niche focus and, hence, are able to grow their MSME portfolio at a much faster rate. Also, NBFCs specialise in offering customised products, based on their better understanding of the market. In contrast, banks prefer having standardised products, especially in the retail loan segment. This might not suit MSMEs with specific credit needs.

NBFCs and HFCs are more aggressive, in terms of turnaround times, for sanctioning and disbursement of loans as well. NBFCs usually take 1-2 weeks to sanction and only 3-4 days to disburse a loan, while private banks take 3-4 weeks to sanction a loan and another 1-2 weeks for disbursement. The duration is even higher in the case of PSBs. PSBs typically take 6-7 weeks for sanctioning a loan and another 2-3 weeks for disbursement. NBFCs and HFCs also offer higher loan-to-value (LTV) as compared with banks, which gives them a competitive advantage.

Furthermore, NBFCs and HFCs have strengthened their presence in semi-urban and rural areas, giving them extensive regional presence, and enhances their understanding of local markets.

While banks have started making inroads into the retail loan market, compelled by a slowdown in corporate loans, they usually leverage on their branch networks for sourcing customers for LAPs via customer walk-ins. NBFCs and HFCs, on the other hand, utilise direct sales agents (DSAs), who directly go to customers for LAP.

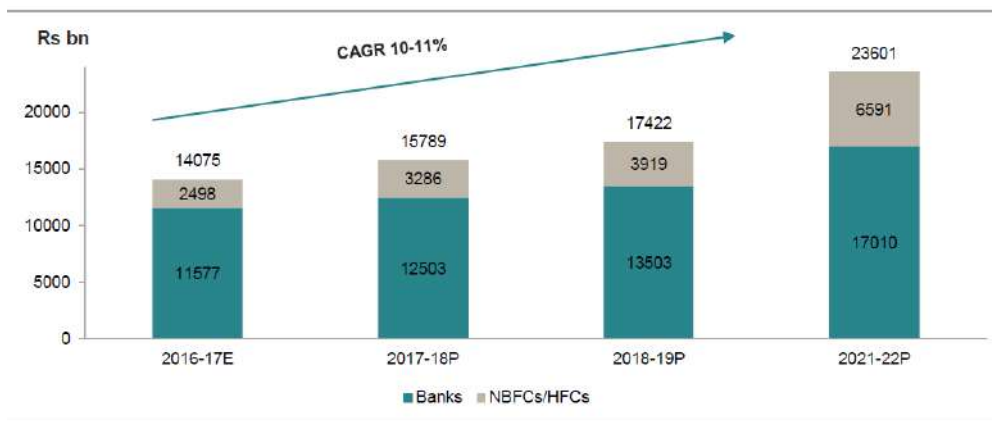
NBFCs share in MSME credit (excluding LAP) has gradually increased from 2.4% in fiscal 2012 to 7.7% in fiscal 2017. In LAP market NBFCs and HFCs accounted for 51% of the share as of March 2017. CRISIL research believes that, with new specialised players coming into this highly lucrative market, banks will have to become more aggressive or they could see a substantial fall in their market share, going forward.

### **MSME credit of NBFCs/HFCs to sustain impressive growth trajectory**

CRISIL Research expects MSME credit (including LAP) to grow at 10-11% CAGR from fiscal 2017 to 2022 to ₹ 23,601 billion. CRISIL Research also expects NBFCs/HFCs' MSME credit growth (including LAP) to reach a higher CAGR of 21-22%. CRISIL Research further expects that by fiscal 2022, NBFCs/HFCs share in MSME credit will reach 28%.

NBFCs are acquiring bank customers by offering them higher loan amount, better service, faster turnaround time and lesser documentation requirement. Also, NBFCs are enhancing focus on smaller cities and towns due to lower competition and high latent demand. The loan book of NBFCs is also growing as they are replacing credit typically extended by the unorganised sector. Additionally, NBFCs have improved their operating efficiencies by increasing online presence and using analytics to analyse the creditworthiness of customers, and focusing on building relationship with MSME customers

## MSME credit growth from fiscal 2017 to 2022



E: Estimated; P: Projected

Source: RBI, CRISIL Research: *CRISIL Research – Assessment of various financial products dated February 2018*

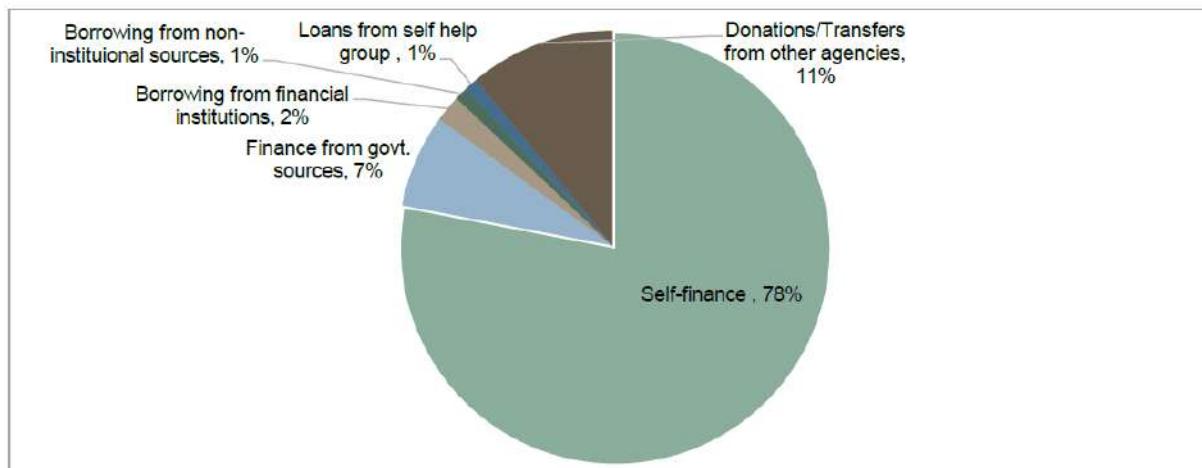
In fiscal 2017, credit growth was subdued as demand weakened post demonetisation. CRISIL Research expects growth to pick up in fiscal 2018 and 2019 as businesses adjust to policy changes like the Goods and Services Tax (GST) and consumer spending increases. With banks shifting focus away from large corporate loans, competition will intensify in metros and tier I cities.

### Growth drivers: MSME credit (including LAP)

#### Low credit penetration

The majority of the MSMEs in India do not have access to institutional finance. These MSMEs are either self-financed or take credit from the unorganised sector. This untapped market offers huge growth potential for financial institutions.

The breakdown of sources of funds for MSMEs is as follows –



Source: *Sources of finance for MSMEs (6th Economic Census, 2013)*

#### Improvement in economic scenario to boost funding needs of small businesses

MSME credit is largely extended to self-employed borrowers running small businesses, who mainly utilise funds for purchase of assets and expansion, and as working capital. CRISIL Research expects demand for funds from small businesses to grow, along with an improvement in the economic scenario, contributing to an increase in disbursements.

#### Lower competition prompts players to eye smaller cities

Competition in metros and tier I cities is intense as all major players, including banks, vie for market share. Also, MSME loans are popular in metros and tier I cities due to high concentration of businesses. However, with rising competition, players are expanding to smaller tier II cities, where competition is lower. The Reserve Bank of India (RBI) has issued licences to small finance banks. It has mandated that 75% of the lending by small finance banks (SFBs) will be to the priority sector. To fulfil this objective, SFBs must open at least 25% of their branches in unbanked rural areas. CRISIL Research expects that this step will ease credit availability for MSMEs and will improve credit availability in smaller cities.

#### GST to boost SME lending

CRISIL Research expects transparency in transactions of MSMEs to improve, as compliance with GST will compel MSMEs to bring their transactions on record. This will improve the quality of books of accounts, thus improving the credit worthiness of MSMEs. This will ease the credit appraisal process and lower the credit risk for financial institutions. Due to improvement in quality of books of accounts, financial institutions will be able to lend to the MSMEs in unorganized sector which were previously unable to get credit due to improper books of accounts or an absolute lack of them. This will open up the previously untapped credit demand for the financial institutions thus leading to robust expansion of MSME credit market.

#### Credit guarantee fund scheme extended to cover NBFCs

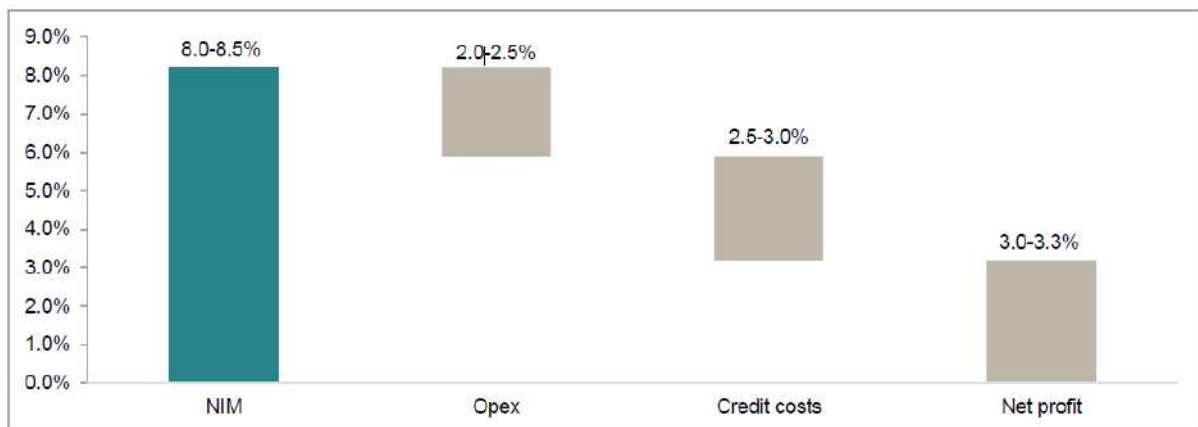
One of the major reasons for MSMEs being credit starved is requirement of collateral against loan by banks or other financial institutions. This collateral is not easily available with such enterprises, leading to high risk perception and higher interest rates. To address this issue, the Government of India has launched the credit guarantee fund scheme to make collateral-free credit available to micro and small enterprises. This scheme has been extended to cover systematically important NBFCs as well from January 2017. To be eligible under this scheme, NBFCs should be making profit for preceding 3 fiscal years at the time of enrolment for this scheme, should have long term credit rating of at least BBB and should meet few others specified performance related parameters. Overall limit under the guarantee scheme is also enhanced to ₹ 20 million.

#### Stable real estate prices a positive for LAP

Demand for LAP is highly correlated to property prices and the real estate market. Stable property prices in tier I and metro cities will support growth of the LAP market.

#### NBFCs enjoy strong profitability due to higher yields and controlled credit cost

##### Profitability as of fiscal 2017



Note: The figures for profitability are indicative in nature and would vary based on the type of MSME and ticket size

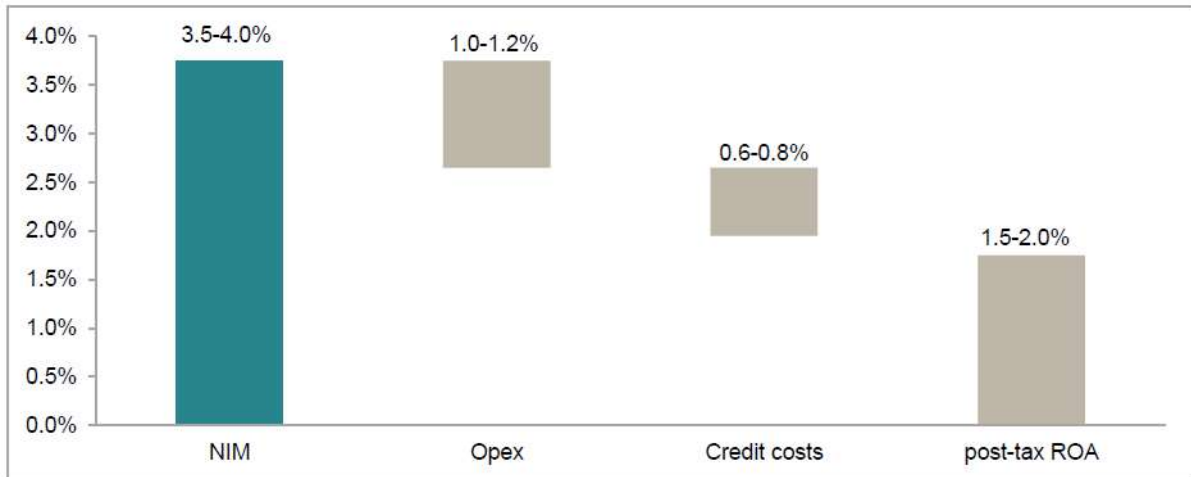
Source: CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018

NBFCs enjoy 3.0-3.3% net profitability in MSME lending as of fiscal 2017 because of higher yields as well as strong appraisal and collection systems (which controls credit cost). Profitability has come down due to increased competition. Operating expenditure is high due to increased efforts in getting new business. DSA payouts range 0.5-1.5% and get added to operating expenditure. Increased competition has already brought

yields under pressure and gross non-performing assets (GNPAs) could remain high due to challenges in collection and MSMEs facing issues related to GST. Going forward, the cost of funds is expected to come down and CRISIL Research expects profitability to remain healthy but under pressure.

Profitability of NBFCs and HFCs in LAP lending: Lower post-tax RoA a result of pressure on yield, rise in operating and credit costs

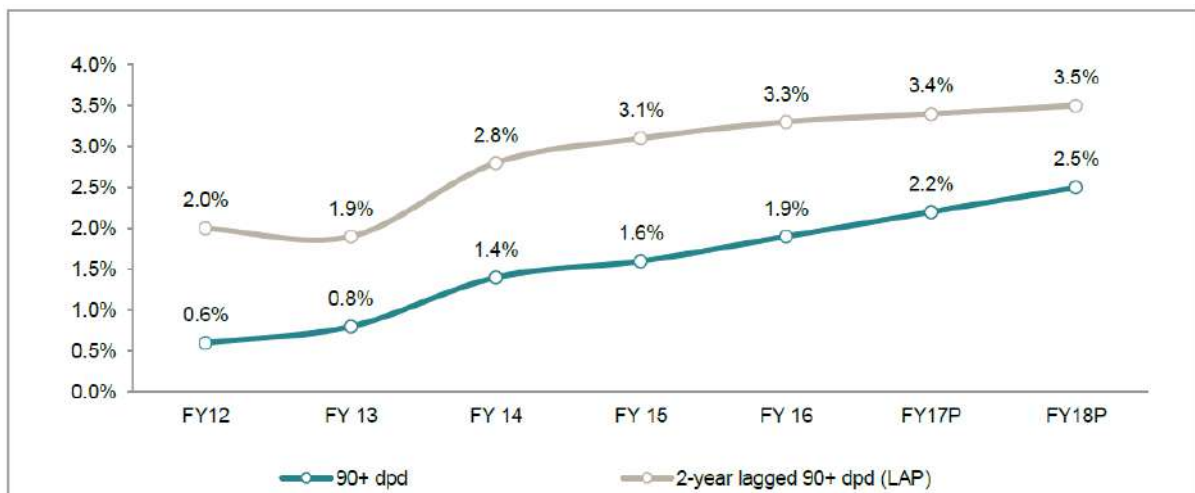
Profitability as of fiscal 2017



Source: CRISIL Research: *CRISIL Research – Assessment of various financial products dated February 2018*

Post-tax return on assets declined in fiscal 2017 due to pressure on yields as well as increase in credit cost by 30-40 bps. Increasing cases of balance transfer with higher top-up has also impacted asset quality. Operating expense for players offering LAP is higher despite the bigger ticket size, as they have to pay higher commissions to DSAs. Also pushing up operating expenses is expansion into lower-tier cities (where average property prices are lower). About 65-70% of the LAPs given by NBFCs and HFCs are sourced through DSAs. Credit costs are also high for LAP financiers, as borrowers have a risky credit profile and the end-use is not monitored.

Trend in GNPAs for LAP



Source: CRISIL Ratings, CRISIL Research: *CRISIL Research – Assessment of various financial products dated February 2018*

## Key risks

### Operational and market risks faced by SMEs

- *Structural changes rendering SMEs uncompetitive*
- *Lack of skilled manpower*
- *Dependence on few clients*
- *Vulnerability to industry cycles*
- *Currency volatility*

### Challenges faced by financiers lending to MSMEs

- *Lack of information*
- *Identification of focus sectors and key risk factors*
- *Increasing proportion of higher risk commercial properties in case of LAP*
- *High balance transfer in case of LAP*
- *About one-third of portfolio at either high-ticket size or high LTV for LAP*
- *Non-standardised property valuation for LAP*
- *Challenges in liquidating collateral in case of LAP*

## Construction Finance

### *NBFCs increasing share in developer financing*

Developer finance market is estimated to be around Rs 3 trillion as of FY17. Of the total share, banks account for 60% whereas NBFCs and HFCs accounts for the remaining market share. Though banks' interest rates are lower by 250-350 basis points, NBFCs and HFCs have swiftly increased their market share. There is a huge credit demand in the MSME segment as small and medium size companies accounts for 25 to 30% of total rated debt outstanding.

The strong growth of NBFCs and HFCs can be explained by the following factors:

- **Customised solutions:** NBFCs offer customised loan structures with features such as interest moratorium and bullet repayment schedules, which are selectively offered by banks. In addition, NBFCs also often extend credit to developers for land financing and early-stage project financing.
- **Lower turnaround time:** Customers often require funds in a timely manner for funding business growth and/or managing liquidity crunch. NBFCs are able to meet the requirement of such clients due to their faster turnaround time. On average, NBFCs disburse a loan to a new customer within 45-60 days.
- **Slow decision-making process in public sector banks:** Decision-making cycles in some public-sector banks (PSBs) has elongated considerably, owing to risk aversion and fragile capital position. This has also contributed to the growth of NBFCs.
- **Strong client relationships:** Some NBFCs in this space have strong client relationships due to their presence in allied businesses, or because they are supported by well-established parent companies. This aids them in both securing business and in risk assessment.

CRISIL Research anticipates developer financing by NBFCs to grow at 23-26% annually over the next two years. Increasing need for funds post implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA) and the inability of PSBs to lend aggressively, would act as key growth catalysts for NBFCs in the near term. Besides this, it is expected that new players will also enter the market due to emerging opportunities in areas such as affordable housing, thereby aiding growth to the segment.

## Equipment finance

The market mainly comprises financing of IT (computer and telecom) & office equipment, printing and packaging equipment, plastic industry related machinery, plant and machinery for other industries, and generators. During FY13 and FY17, printing and packaging grew fastest at a CAGR of 22-25%. Other segments

grew at a CAGR in the range of 18-20%. Based on the industry interactions in few large cities, NBFCs have 65-70% share in equipment finance and the remaining share is with banks. We expect the growth to remain healthy at 18-20% annually in next two years owing to increasing demand and various structural reforms giving boost to economy.

Based on the industry interactions in few large cities, NBFCs have 55-60% share in equipment finance and the remaining share is with banks. NBFCs have a clear edge over banks in equipment financing due to their niche focus and greater understanding of technology and equipment. Furthermore, their loan processing is faster (in principal approval given in 2-3 days with disbursement of loans within 7 days). NBFCs also have SME cluster based approach to target and acquire customers which also help them gain market share.

#### *Growth drivers*

- The *investment* cycle in India, which has been muted for the last few years, is set to pick up in the medium-term as economic growth slowly gains traction as a result of structural reforms being implemented. This should provide a boost to equipment financing.
- For *businesses* staying updated with the latest technology is a must, and this needs investment. Financing helps in acquiring newer and highly priced equipment.
- In India the MSME Sector is underserved & starved of financial support. Most of the time, these businesses are not eligible for loans from banks. 80% of the printing and packaging equipment customers belong to MSMEs. Similarly in plastic production over 80% of the firms are MSMEs. This unmet demand provides significant opportunities for growth to specialized NBFCs.
- With advanced *technology*, automation and increasing imports, equipment prices are also increasing leading to increase in average ticket size.

#### *Equipment segment specific growth drivers*

**Machine tools:** Most of the Indian machine tool producers are ISO certified, which makes them easily eligible for machine finance. CNC machine finance /loan is on the rise. The reason behind this is that CNC systems make it possible for programmable logic controllers (PLCs) and microprocessors to function in parallel.

**Printing:** The Indian printing industry has gradually progressed from using heavy machinery to being more software-centric. With technologies and applications on the rise, print shops have recognised the need for change, and are increasingly turning to equipment financing.

**Packaging:** Consumption of packaged goods is growing with increasing consumer preferences. Due to the high and growing demand from packaging end-user like beverages, vegetables, food and food grains, dairy and pharmaceuticals, the need for packaging equipment financing is expected to grow at a healthy pace.

**Plastic machinery loans:** Continuous developments in polymer technology and factors like low per capita consumption of plastic, end-use (like packaging) industry growth are boosting the plastic molding machinery financing.

### **Rural finance**

#### *Banks/NBFCs to increase focus on generating business through NBFC MFIs*

The MFI industry has seen strong growth over the last few years, despite blips such as farm loan waiver and demonetisation. As of March 2017, the gross loan portfolio (GLP) of the industry (including mainly NBFC-MFI, NBFC, small finance banks and banks non-SHG portfolio) was Rs 1100 billion, of which banks non-SHG portfolio accounted for 37%, NBFC-MFIs for 30%, SFBs for 26% and NBFCs for 5%. The NBFC-MFIs, including erstwhile NBFC-MFIs who have now converted into small finance banks, grew at a 56% CAGR in the last 3 years. CRISIL Research expects MFI loan portfolio (including SFBs) to grow at around 16-18% annually in the next two years, much lower compared with past three years as rural areas in well-penetrated states mature and the focus of some top players, converting into SFBs, shift towards selling other banking products.

Besides doing direct lending on their books, NBFC-MFIs are also increasingly playing an important role as business correspondent (BC) in micro-lending. As of FY17, BC portfolio accounts for around Rs 28-30 billion of the total off balance sheet portfolio of NBFC-MFIs (including SFBs). NBFC-MFIs act as channels for banks to meet their priority sector lending targets and for other NBFCs to accumulate higher yielding assets. Additionally, since NBFC-MFIs carry out this lending on behalf of banks, they do not have to maintain the 15% capital adequacy targets defined by RBI for NBFC-MFIs. This model gives the NBFC-MFIs additional liquidity without impacting their balance sheets.

#### *Improvement in asset quality post demonetisation impact*

Customer of this industry are near bottom of the pyramid and majority of their earnings are in cash. There was a significant impact on the portfolio post demonetisation as collections were severely impacted due to unavailability of cash. With no other alternative to cash for the customers, there was a sudden deterioration in the asset quality in the microfinance industry directly impacting the BCs portfolio. Recovery in rural areas had taken longer than the urban areas which further slowed down collections in the industry. However, the collections have improved post March 2017, and Portfolio at risk (PAR) 30 for NBFC MFIs has improved from 10.80% as of March 2017 to 5.24% as of September 2017.

#### *Key growth drivers for banks/MFIs:*

- BCs help *banks* meet PSL target: Without direct involvement of banks, BCs helps them in fulfilling their priority sector targets which have become stringent, especially for foreign banks. For NBFCs, it provides an opportunity to grow the high yielding assets.
- Improvement in portfolio quality: NBFC-MFIs have expertise in micro-lending as part of their core portfolio, unlike banks/NBFCs which primarily focus on industrial and other higher ticket-size retail lending
- Portfolio built up for banks/NBFCs without spending on building the network: The banks/NBFCs saves on the effort to build a network of field staff and branches.

*Source: CRISIL Research – Assessment of various financial products dated February 2018*

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## OUR BUSINESS

*In this section, any reference to “we”, “us” or “our” refers to Edelweiss Retail Finance Limited. Unless stated otherwise, the financial data in this section is as per our Reformatted Financial Information prepared in accordance with Indian GAAP set forth elsewhere in the Prospectus.*

*The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the chapter titled “Risk Factors” and “Industry” beginning on page 14 and 76 respectively of this Prospectus.*

### OVERVIEW OF OUR COMPANY

Our Company was originally incorporated on February 18, 1997 as private limited company under the provisions of the Companies Act, 1956 as “Affluent Dealcom Private Limited”. Our Company was acquired by Edelcap Securities and was converted into a public limited company with the name changed to “Affluent Dealcom Limited” on receipt of a fresh certificate of incorporation consequent to change in status on January 1, 2014 from the Registrar of Companies, West Bengal. Subsequently our Company’s name was changed to “Edelweiss Retail Finance Limited” pursuant to fresh certificate of incorporation dated January 6, 2014. Subsequently, our Company obtained Certificate of Registration dated October 14, 2014 bearing registration no. B-05.03052 issued by the Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of a non banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration. The registered office of our Company has been shifted from the state of West Bengal to State of Maharashtra on September 2, 2016 and fresh Certificate of Registration dated January 4, 2017 bearing registration number B-13.02149 has been issued by the Reserve Bank of India, Mumbai. Our Company is a Systemically Important Non-Deposit Accepting Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

We are part of the Edelweiss Group which is one of India’s prominent financial services organization having businesses organized around three broad lines – credit including retail finance; franchise & advisory businesses including wealth management, asset management, capital markets, balance sheet management and others, and insurance business. The product/ services portfolio of the Edelweiss Group caters to the diverse investment and strategic requirements of corporate, institutional, high net worth individuals and retail clients. Edelweiss Group has a pan India presence with a global footprint extending across geographies with offices in New York, Mauritius, Dubai, Singapore, Hong Kong and UK. EFSL is listed on BSE and National Stock Exchange of India Limited. EFSL through its subsidiaries, offers to its customers a diversified financial services platform that provides various secured corporate loan products, retail loan products and services, SME financing, agri value chain services including agri credit, wealth advisory services, asset management, insurance, investment banking, institutional and retail broking.

As on the date of this Prospectus, our Promoters hold 100% of our paid up share capital.

We are majorly focused on offering secured and unsecured loan products to suit the needs of the individuals and corporates. Our products include:

- **SME Finance:** The SME finance Loan Book of our Company constitutes 58.70% of our Loan Book as on December 31, 2017 amount to ₹ 16,627.83million. The SME finance loan book is further divided into three parts namely: (i) secured loans against residential/commercial properties for business/commercial purposes for an amount of ₹ 4,854.87 million as at December 31, 2017 which constituted 17.14% of our Loan Book; (ii) loans provided to borrowers for purchase of new equipment for replacement/upgradation of existing equipment secured against hypothecation of the equipment purchased which amounted to ₹ 1,007.88 million, as on December 31, 2017 and constituted 3.56% of our Loan Book; and (iii) unsecured loans to borrowers for meeting their short term working capital and funding requirements which amounted to ₹ 10,765.08 million as at December 31, 2017 and which constituted 38.00% of our Loan Book.
- **Loans against property (LAP):** This includes offering: (i) loans against residential/commercial properties for business/commercial purposes, and (ii) loans for the purchase of commercial property against mortgage of the same property. These loans amounted to ₹ 8,844.08 million, as on December 31, 2017 and comprised 31.22% of our Loan Book.



- **Construction Finance:** This includes offering loans to developers for construction of residential projects and loans against unsold inventory in completed / near-completion residential projects. These loans amounted to ₹ 1,727.37 million, as on December 31, 2017 and comprised 6.10% of our Loan Book.
- **Rural finance:** This includes offering low ticket unsecured loans to customers (primarily in semi-urban / rural areas) with the help of third party channel partners for a tenure of upto 2 years, which amounted to ₹ 1,131.31million, as on December 31, 2017 and comprises 3.99% of our Loan Book.

As on January 31, 2018 we have a total of 83 branches (including its registered office). Our total revenue and our profit for the year ended March 31, 2017 stood at ₹ 2,535.34 million and ₹ 319.46 million respectively. Our total revenue and profit for the nine months period ended December 31, 2017 stood at ₹ 2,451.25 million and ₹ 251.86 million respectively. Over the last four Financial Years, our Company's income from operations and profit witnessed a CAGR of 1,669% and 323% respectively over the last four Financial Years from FY2013 to FY2017. The Loan Book of our Company has witnessed a CAGR of 187% over the last three Financial Years from FY2014 to FY2017.

Our Loan Book was ₹ 28,330.58 million, ₹ 14,736.56 million and ₹ 13,959.48 million as of December 31, 2017, March 31, 2017 and March 31, 2016 respectively. Our capital adequacy ratio as of December 31, 2017, March 31, 2017 and March 31, 2016 computed on the basis of applicable RBI requirements was 16.19%, 18.67% and 18.70% respectively compared to the RBI stipulated minimum requirement of 15%.

Our Gross NPAs as a percentage of Loan Book were 1.01%, 0.42% and 0.28% as of December 31, 2017, March 31, 2017 and March 31, 2016 respectively. Our net NPAs as a percentage of net Loan Book were 0.90%, 0.36% and 0.07% as of December 31, 2017, March 31, 2017 and March 31, 2016 respectively.

#### Key Operational and Financial Parameters

A summary of our key operational and financial parameters for the nine month period ended December 31, 2017 and for the last three Fiscals 2017, 2016 and 2015, are as follows:

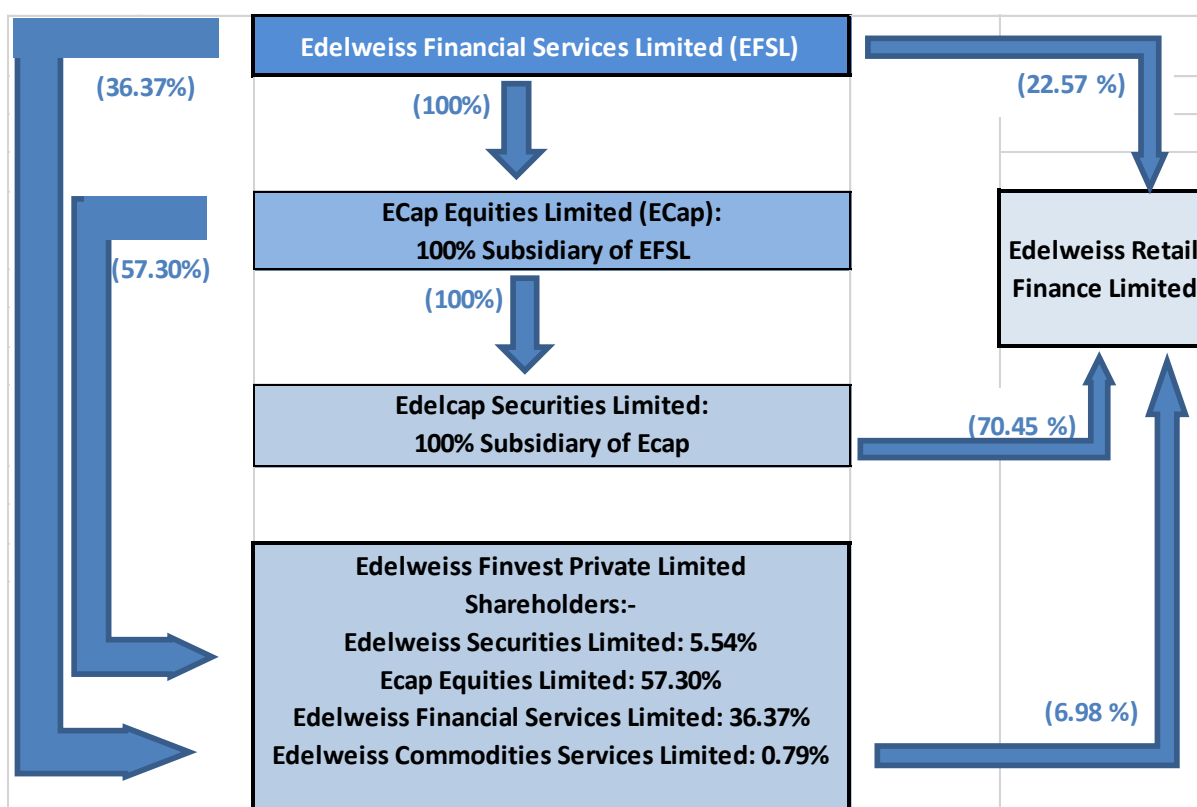
| Parameters  | (₹ in millions)                   |             |             |             |
|---|-----------------------------------|-------------|-------------|-------------|
|   | Period ended<br>December 31, 2017 | Fiscal 2017 | Fiscal 2016 | Fiscal 2015 |
| <b>For Financial Entities</b>                     |                                   |             |             |             |
| Net worth (refer note 1)                          | 3,826.25                          | 3,113.01    | 2,599.89    | 1,235.47    |
| Total Borrowings                                  | 22,065.58                         | 10,918.58   | 10,769.66   | 4042.86     |
| of which –  | 16,813.42                         | 6,646.75    | 7,726.86    | 3,540.00    |
| Long Term Borrowings                              |                                   |             |             |             |
| - Short Term Borrowings                           | 2,459.43                          | 1751.00     | 556.35      | 502.86      |
| - Current Maturities of<br>Long Term Secured Debt | 2,792.73                          | 2,520.83    | 2,486.46    | NIL         |
| Fixed Assets                                      | 36.59                             | 13.60       | 2.91        | 0.38        |
| Non Current Assets                                | 16,663.47                         | 7,783.93    | 8,023.94    | 4,195.86    |
| Non Current Liabilities                           | 17,143.33                         | 6,935.11    | 7,870.23    | 3,581.29    |
| Cash and Bank balances                            | 63.85                             | 72.21       | 140.29      | 14.60       |
| Current Investments                               | NIL                               | NIL         | NIL         | NIL         |
| Current Assets                                    | 12,854.22                         | 7,732.92    | 6,515.22    | 1,484.34    |
| Current Liabilities                               | 8,548.11                          | 5,446.81    | 4,058.30    | 863.44      |
| Assets Under Management                           | 28,330.58                         | 14,736.56   | 13,959.48   | 5,514.56    |
| Off Balance Sheet Assets (refer note 2)           | 1,484.01                          | 3,029.78    | 371.34      | NIL         |
| Interest Income                                   | 2,265.08                          | 2,338.16    | 1,532.57    | 433.32      |
| Interest Expense (refer note 3)                   | 1,054.77                          | 1,161.19    | 793.16      | 184.98      |
| Provisioning & Write-offs (refer note 4)          | 262.73                            | 244.45      | 63.32       | 14.12       |
| PAT (refer note 5)                                | 251.86                            | 319.46      | 247.02      | 76.56       |
| Gross NPA (%) (refer note 6)                      | 1.01%                             | 0.42%       | 0.28%       | 0.03%       |
| Net NPA (%)                                       | 0.90%                             | 0.36%       | 0.07%       | NIL%        |
| Tier I Capital Adequacy Ratio (%)                 | 11.30%                            | 17.90%      | 17.68%      | 21.49%      |
| Tier II Capital Adequacy Ratio (%)                | 4.88%                             | 0.77%       | 1.02%       | 0.25%       |

**Notes**

1. Net worth = Share capital (+) Reserves and surplus (-) deferred tax assets (net).
2. Off balance sheet assets = Our Company has securitized/assigned certain pool of Loan Book.
3. Interest Expense = Finance Costs
4. Provisioning & Write-offs = Bad Debts and Advances written off (+) Provision for standard assets (+) provision for restructured advances (+) provision for non-performing assets (+) provision for credit loss on securitization
5. PAT = Profit for the period / Profit for the year
6. Gross NPA (%) = Gross NPA/ Loan Book of our Company

**Our Corporate Structure**

The below mentioned flow chart outlines our corporate structure as on the date of this Prospectus:



**OUR STRENGTHS**

*We believe that the following are our key strengths*

**Established brand and parentage**

We are part of the Edelweiss Group which is one of India’s prominent financial services organization.

Edelweiss Group enjoys a large client base of over 11,40,000 clients from retail and wholesale segments across its various businesses. Edelweiss has 433 offices being 425 offices across 190 cities in India and eight offices outside India in six international cities. We believe that our relationship with the Edelweiss Group provides brand recall and we will continue to derive significant marketing and operational benefits.

We believe that the success of the Edelweiss Group as a provider of financial services is largely built upon the ability to nurture and maintain client relationships which helps our Company to get new business as well as continuation of existing business from the satisfied clients. We believe that the Edelweiss brand is well recognized and associated with trust, governance and compliance structure, high quality customer centric services, creative solutions to strategic and financial challenges and sound execution of clients’ transactions. We

believe that being part of the Edelweiss group significantly enhances our ability to attract new clients. We believe that the brand value and scale of the business operations of the Edelweiss Group provides us with an advantage in an increasingly competitive market. We intend to continue to leverage the brand value of the Edelweiss Group to grow our business.

We draw upon a range of resources from the Edelweiss group such as information technology and infrastructure. We leverage Edelweiss groups experience in the various facets of the financial services sector which allows us to understand market trends and mechanics and helps us in designing our products to suit the requirements of our target customer base as well as to address opportunities that arise out of changes in market trends.

### ***Our network of offices***

We operate through a wide network of 83 branches (including registered office), as of January 31, 2018. The reach of our branches allows us to service our existing customers and attract new customers. We service multiple products through each of our offices which reduces operating costs and improves total sales. Our spread out office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts.

### ***Access to range of cost effective funding sources***

We believe we are able to access cost-effective debt financing due to our strong brand equity, stable credit history, strong credit ratings and prudent risk management policies. Our fund requirements are currently predominantly sourced through credit facilities from banks and issue of redeemable non-convertible debentures on a private placement basis with mutual funds, provident funds etc. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. We also access money market borrowings.

We believe that we have been able to achieve a relatively stable cost of funds primarily due to effective treasury management and diversified fund raising programs.

For details of our long term and short term debt ratings please refer to “*Our Business - Credit Ratings*” at page 109 of this Prospectus, below.

### ***Well Defined Processes***

We believe our business processes ensure complete independence of function and segregation of responsibilities. We believe our credit appraisal and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies and approving all loans at transaction level and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters, including collateral valuation and title search, document verification and fraud and KYC check, and personal meetings with clients. Further our processes have been standardized with the objective of providing high levels of service quality while maintaining process and time efficiency. This is done by facilitating the integration of workforce, processes and technology. Our key business processes are regularly monitored by the senior management.

Our loan approval and administration procedures, collection and enforcement procedures are designed to minimize delinquencies and maximize recoveries. We have a well-defined risk management policy framework for risk identification, assessment, and control to effectively manage risks associated with the various business activities. The risk function is mainly looked after by a business risk group embedded in the business. We seek to monitor and control risk exposure through a variety of separate but complementary financial, credit and operational reporting systems.

### ***Experienced Management Team***

Our Board consists of five directors, three of whom are non-executive directors and remaining two are independent directors with extensive experience in the financial services sector. We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior managers have diverse experience in various functions, related to our business. Our senior managers have an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to

appropriately support and provide guidance to our employees. We also have an in-house experienced legal team consisting of qualified professionals, well-equipped to handle all our legal requirements ranging from loan and security documentation to recovery, repossession, security enforcement and related litigation, if any. Our in-house legal team is also assisted by empanelled lawyers and technical vendors.

### ***Technology, Analytics and Credit bureau usage***

We believe that our robust loan management system, analytic ability and extensive usage of the credit bureau and other allied KYC procedures offers us a significant competitive advantage. Our systems have the capability of end to end customer data capture, collateral data capture, and repayment management. Our loan approval is controlled by the loan application system. We believe our monthly analytics reports including through-the-door and credit-information tracking are efficient tools for ensuring risk management-controls & compliance.

Our systems are custom designed for our services and help us reduce people contact time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Technology gives us the ability to integrate cash flows in real time and allows us better informed decision making with easy access to record and information.

Further, our continued focus on the effective use of technology is aimed at allowing employees across our office network to collect and feed data to a centralized management system, providing our senior management with prompt operational data. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management

### ***OUR STRATEGIES***

Our key strategic priorities are as follows:

#### ***Minimize concentration risk by diversifying the Product Portfolio and expanding our customer base***

We intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers. Among the new products under consideration, our Company expects to start extending "loans against securities" before the end of this financial year. These loans are secured by liquid, marketable securities at an appropriate or pre-determined margin levels. This will further diversify our collateral composition away from illiquid real estate to liquid, marketable securities.

Beyond our existing loan products, we intend to leverage our brand and office network and develop complementary business lines. We expect that our knowledge of local markets will allow us to diversify into products desired by our customers, differentiating us from our competitors.

We expect that our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations.

We intend to launch a marketing initiative to target our existing and former customers to cater to all their financing requirements, thus generating new business and diversifying our loan portfolio. We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well.

#### ***Improve our credit ratings to optimize cost of funds***

We fund our capital requirements through a variety of sources, including mutual funds, credit facilities from banks and issuance of money market instruments. For details of our credit ratings, as of December 31, 2017, please see "Our Business - Credit Rating", on page 109 of this Prospectus.

We believe that we have been able to achieve relatively stable and competitive cost of funds from a range of sources, primarily due to our credit ratings and the goodwill associated with the Edelweiss brand name. We have focused on improving our assets liability management by ensuring that we align our liabilities profile in sync

with assets profile. Our liability mix includes long term borrowings from banks and debt markets, and shorter term borrowing from money markets. Based on our increasingly strong balance sheet, we believe that we will be able to further improve our credit ratings, and tap newer sources of funds.

#### ***Continue to Attract and Retain Talented Employees***

As part of our business strategy, we are focused on attracting and retaining high quality talent. We recognize that the success of our business depends on our employees, particularly as we continue to expand our operations. We have successfully recruited and retained talented employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing. Our retention initiatives include job rotation, half yearly reviews, performance based incentive, employee recognition programs, training at our training facilities and on-the-job training.

#### ***Achieve operations excellence by further strengthening our operating processes and risk management systems***

We are focused on building a process driven organization with a culture of compliance, audit and risk management. Operations excellence and risk management forms an integral part of our business as we are exposed to various risks. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business.

The objective of our risk management systems is to measure and monitor the various risks, we are subject to and to implement policies and procedures to address such risks. Furthermore, we intend to continue to train existing and new employees in appraisal skills, customer relations, communication skills to improve customer centricity and risk management procedures to enable replication of talent and ensures smooth transition on employee attrition, update our employees with latest developments to mitigate risks against frauds and cheating.

#### ***Optimizing return while maintaining the quality of Loan Book***

We believe that we have implemented credit and risk management systems which we intend to rely upon to optimize our product mix in our loan portfolios. We believe that this will also help us in maintaining our margins in a volatile interest rate scenario.

#### ***Retail Focus***

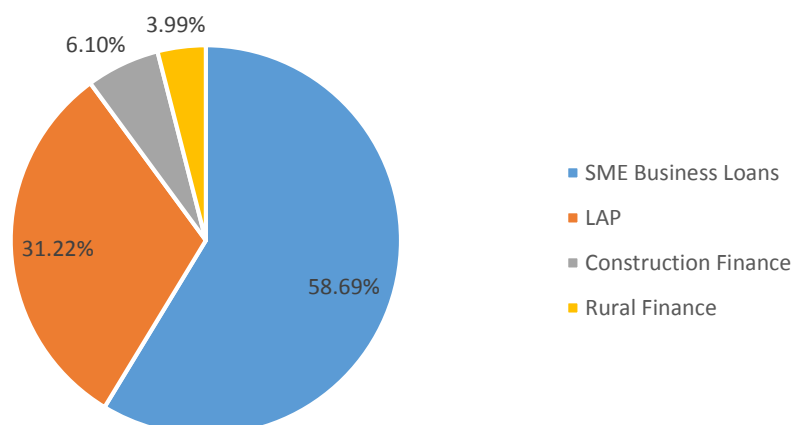
Our business follows a region-focused structure pursuant to which our regional managers are responsible for business developments in relation to their respective regions. We have built an operating platform which we believe can provide operational efficiencies for our business. We are focused on high growth, dispersed risk-retail lending. This retail business is intended to provide scale & diversify the risk across geographies, industries & collaterals.

### **OUR PRODUCTS**

Our Loan Book stood at ₹ 28,330.58 million, ₹14,736.56 million and ₹ 13,959.48 million as on December 31, 2017, March 31, 2017 and March 31, 2016 respectively as compared to ₹ 12,784.26 million, ₹ 5,514.56 million and ₹ 625.82 million as on December 31, 2015, March 31, 2015 and March 31, 2014 respectively.

The following chart illustrates the Loan Book attributable to each product line, as on December 31, 2017:

ERFL Loan Composition as on December 31, 2017



**A. SME Finance**

Among our products for SMEs, we offer secured and unsecured business loans to them. This includes: (i) secured loans against residential/commercial properties for business/commercial purposes, (ii) loans provided to borrowers for purchase of new equipment for replacement/upgradation of existing equipment secured against hypothecation of the equipment purchased, and (iii) unsecured loans to borrowers for meeting their short term working capital and funding requirements. As at December 31, 2017, March 31, 2017 and March 31, 2016, SME finance as a percentage of our Loan Book were 58.70%, 67.34% and 57.31%, respectively. Loan originations have increased by 74.47% from the quarter ended December 31, 2016 to the quarter ended December 31, 2017.

**B. Loans Against Property**

This includes: (i) loans against residential/commercial properties for business/commercial purposes, and (ii) loans for the purchase of commercial property against mortgage of the same property. These loans amounted to ₹ 8,844.08 million, as on December 31, 2017 and comprised 31.22% of our Loan Book.

LAP is a loan facility majorly offered to self-employed individuals, businesses requiring funds for business purposes or for the purchase of commercial property or for investment in assets against mortgage of residential / commercial property. As a part of LAP, lease rental discounting is also offered where the lessee is a large corporate. The funds so raised are utilized for meeting business needs. The tenure of the loans generally ranges upto 15 years.

Overall, as at December 31, 2017, March 31, 2017 and March 31 2016, LAP as a percentage of our Loan Book was 31.22%, 29.06% and 37.26% respectively. Loan originations have increased by 938.80% from the quarter ended December 31, 2016 to the quarter ended December 31, 2017

**C. Construction Finance**

This includes offering loans to developers for construction of residential projects and loans against unsold inventory in completed / near-completion residential projects. The loan disbursements are construction linked. The tenure of the loans generally ranges upto 5 years. These loans amounted to ₹ 1,727.37 million, as on December 31, 2017. As on December 31, 2017, March 31, 2017 and March 31, 2016 our construction finance accounted for 6.10%, 1.72% and 0.65% respectively of the Loan Book.

**D. Rural finance**

Rural finance is a loan facility offered in the rural and semi-urban areas to individuals and joint lending groups with repayments received on weekly/ fortnightly/ monthly basis which amounted to ₹ 1,131.31

million, as on December 31, 2017. As on December 31, 2017, March 31, 2017 and March 31, 2016 rural finance accounted for 3.99%, 1.88% and 4.78% respectively of the Loan Book.

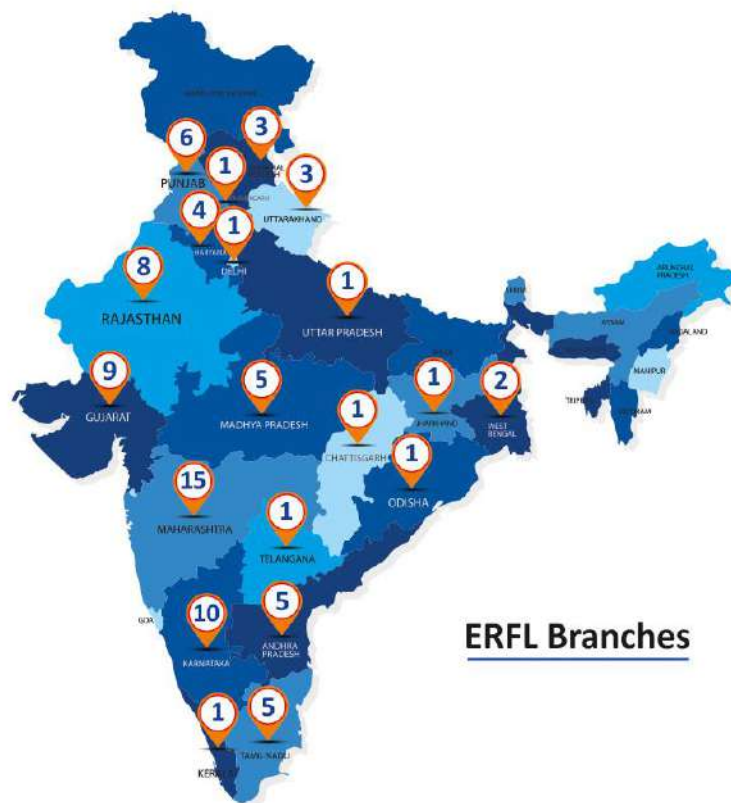
Our Company has entered into an arrangement with certain service providers which undertake the sourcing of the rural finance loans as per the product & criteria agreed and fixed with them. These service providers are *inter alia* also responsible for disbursements, collections and other operations i.e. the entire life cycle management of these loans.

**E. Loans Against Securities**

We plan to offer loan facilities against liquid marketable securities wherein investors borrow funds against their existing portfolio of investments. Other financial products under loans against securities which include public issue financing, ESOP financing, loans against mutual fund units or bonds and other instruments.

**BRANCH NETWORK**

Our network of 83 branches (including our registered office) as of January 31, 2018 is as follows:



Map not to scale  
 \*the numbers in the map represent branches in each state.

This pan-India presence allows us to cater to a large customer base across various segments of the industry. We have developed a unique relationship based distribution network through our DSAs which helps in commanding a better presence and penetration in markets. This helps us develop long-term relationships with each customer. Our relationship managers are involved throughout the entire value chain for a customer and are responsible for customer origination, loan administration and monitoring as well as loan recovery.

**MARKETING**

We source our potential customers through our experienced and well trained sourcing teams or through pre-approved channel partners i.e. the DSAs. The DSAs undergo a detailed evaluation process covering their

experience, past performance, market standing and distribution business model before empanelment with us. We monitor their performance periodically for adherence to processes prescribed for them for customer sourcing. In addition, our Company carries out advertising campaigns to create awareness of our products including our speedy loan approval process to increase the visibility of our Company which in turn helps in acquisition of customers. The publicity campaigns also helps in creating and enhancing our brand identity.

## **PROCESSES**

### **Customer Evaluation, Credit Appraisal and Disbursement**

#### ***Our Credit Policies***

All loans are sanctioned under the credit risk policy approved by our internal risk management committee. Emphasis is applied on demonstrated past and future assessment of income, repayment capacity and credit history prior to approving any loan. We undertake periodic update of credit policies based on regulatory changes, portfolio performance and development.

#### ***Loan Origination***

We source all potential customers through DSAs, direct sales teams (which are employees of our Company) or internal channels sourcing through Edelweiss Group companies.

### **Loan Management Technology Platform**

Information Technology (IT) in our company has emerged as a key business enabler and is playing a major role in improving overall productivity, customer services and managing risks. Our information technology strategy is aligned to comprehend and integrate our business, applications, technology, organizational capability and governance. Our Company has a stable, secure, robust and future ready IT infrastructure and applications backbone which will provide the platform for future strategic initiatives.

Our Company uses “FinnOne” – an integrated lending system that spans from origination to the life of the loan across all functions. The application provides a seamless flow of the transaction through its various stages of processing and maintains all records and audit trails besides generating various reports. We continue to implement automation initiatives on the top of our core applications to streamline our credit approval, collections, administration, and monitoring processes to meet stakeholder requirements on a real-time basis. By leveraging the innovations in the technology space, we aim to achieve improved process efficiency, enhanced management decision making, risk management capability, greater transparency, reduced infrastructure investment and increased infrastructure availability. As our business and our organization continue to grow, we intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face as a financial institution.

#### ***Evaluation***

We undertake various credit control checks and due diligence on a prospective customer which *inter-alia* includes an internal data de-duplication check, credit bureau check, fraud verification, asset verification and valuation, and other legal and technical verification procedures. After having completed our internal verification procedures all documents submitted by the prospective customer are checked and verified as required.

All applications once logged into FinnOne are evaluated on various parameters. Based on the demographic, financial and business information provided, internal and external checks are performed by the system automatically which include but not limited to de-duplication with the existing database to find possible matches with the existing customer list, automated generation of credit bureau reports to check customers' past credit history with all lenders, contact point verification, valuation of the collateral, legal and technical evaluation of proposed collaterals by empanelled agencies. Similar due diligence is also carried out in respect of guarantors, if any. We conduct various diligence procedures in connection with the collateral/security for such loans which include review and verification of the relevant ownership documents and obtain title reports as applicable. Reports from these checks along with detailed analysis of financial statements, tax challans, bank statements and other documents put together constitute the credit file for all customers. These files are reviewed by the credit managers for evaluation. Based on the document review the credit managers conduct personal discussions with the customers at their workplace. The discussion is intended to gather information about the business model of



the customer, his positioning in the value chain, dependence of suppliers and/or customers and to ascertain any business risks like export dependence, raw-material supplies, etc. which might adversely impact the business cash flows and hence diminish repayment capacity.

Based on the all the information gathered, and assessment of customer’s business risks, debt servicing ability and collateral risks, the credit manager puts the transaction proposal to appropriate approving authority in the hierarchy for decision.

***Credit Appraisal***

***Our basic credit appraisal process broadly follows the following flow chart:***



***Approval and Disbursement Process***

### *Approval Process*

Once the credit history, credentials, information and documents have been submitted by the prospective customer and verified to our satisfaction, the applications are approved at the appropriate credit approval level. There are various levels of approvals which a proposal can be put to which are based on loan product, loan amount and identified risks.

With due sanctioning of the loan, we execute agreements in connection with the loan and creation of security in relation thereto, if any, with the customer. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our concerned officer ensures that a Know Your Customer, ("KYC"), checklist is completed by the applicant. The concerned officer verifies such information provided and includes the records in the relevant loan file. The officer is also required to ensure that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer and a statement to such effect is included as part of the loan documentation. The customer is provided with a copy of the loan documents executed by him.

### ***Loan administration and monitoring***

The customer (and guarantor, if any) execute(s) the security creation documents and the loan agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan agreement, which generally sets out periodical repayment terms. Repayments are made in periodical installments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenure of the loans, the number of installments due and defaults committed, if any. All borrower accounts are reviewed and monitored on continuous basis, with a higher frequency for the larger exposures and delinquent borrowers. Close monitoring of debt servicing efficiency enables us to maintain high recovery ratios. This data is analyzed based on the loans disbursed and location of the customer. All recovery of amounts due on loans is managed internally by us. Our feet-on-street officials ensure complete focus on all stages of the collections process.

Our employees review collections regularly and personally contact customers that have defaulted on their loan payments.

Our employees are assisted by the feet-on-street officers, who are also responsible for the collection of installments from each customer serviced by them. We believe that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios and maintain satisfactory asset quality.

### ***Portfolio Management, Collection and Recovery Processes***

We manage the portfolio management and collection processes, in-house. We have on-roll collection personnel to ensure timely collection of dues. We also utilise our sales personnel for collection of payment.

Our employees review collections regularly and personally contact customers that have defaulted on their loan payments. Our employees are assisted by the feet-on-street officers, who are also responsible for the collection of installments from each customer serviced by them. We believe that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios and maintain satisfactory asset quality.

Further, for effective recovery management, all early delinquent customers are managed by a dedicated team which undertakes methodical customer visits and personal telephone calls for recovery of dues. In cases where customers are unable to make payments and move to higher delinquency levels, a specified team of collection officers are deployed who manage deep delinquent accounts. In addition to customer visits, this team utilises available legal tools for attachment of properties, for re-payment of dues and legal arbitration proceedings.

The delinquent accounts are also reported to credit bureaus periodically.

### **ASSET QUALITY**

We maintain our asset quality by adhering to credit evaluation standards, limiting exposure and interacting with customers directly and regularly. We ensure that prudent LTV ratios are adhered to while lending. We ensure

prompt collection and proper storage of post-disbursement documents. We periodically inspect, either by ourselves or by internal auditors, our customers and the assets financed on a random basis. Our employees conduct tele-verification of the customers' key details and close follow-up is undertaken to ensure timely collection and control overdues.

#### *Asset Classification*

The Master Directions on Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time, the “**Master Directions**”) provide standards for asset classification, treatment of NPAs and provisioning against NPAs for non-deposit taking NBFCs in India. Our Company, like other deposit-taking NBFCs, is required to classify loans, advances and other forms of credit into various classes.

The Master Directions for asset classification are set forth below:

- *Standard Asset* shall mean the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk associated with the business;
- *Sub-standard Asset* shall mean an asset that has been an NPA for a period not exceeding 18 months, provided that the period ‘not exceeding 18 months’ stipulated in this sub-clause shall be ‘not exceeding 16 months’ for the financial year ending March 31, 2016; ‘not exceeding 14 months’ for the financial year ending March 31, 2017; and ‘not exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter. An asset shall be sub-standard where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms;
- *Doubtful Asset* – an asset which remains a sub-standard asset for a period ‘exceeding 18 months’ for the financial year ended March 31, 2015; ‘exceeding 16 months’ for the financial year ended March 31, 2016; ‘exceeding 14 months’ for the financial year ending March 31, 2017 and ‘exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter
- *Loss Asset* - an asset that (a) has been identified as a loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent that it is not written off by the NBFC; and (b) is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

An NPA shall mean:

- (a) an asset, in respect of which, interest has remained overdue for a period of six months or more;
- (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;
- (c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
- (d) a bill which remains overdue for a period of six months or more;
- (e) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;
- (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;

Provided that the period of 'six months or more' stipulated in (a) to (f) above shall be 'five months or more' for Fiscal 2016; 'four months or more' for Fiscal 2017; and 'three months or more' for Fiscal 2018 and thereafter;

- (g) the lease rental and hire purchase instalment, which has become overdue for a period of twelve months or more;

Provided that the period of 'twelve months or more' stipulated in (g) above shall be 'nine months or more' for Fiscal 2016; 'six months or more' for Fiscal 2017; and 'three months or more' for Fiscal 2018 and thereafter;

- (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset;

Provided that in the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

The Master Directions require NBFCs to make provisions against sub-standard assets, doubtful assets and loss assets, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of the security charged.

#### *Loans Advances and Other Credit Facilities including Bills Purchased and Discounted*

The provisioning requirement in respect of loans advances and other credit facilities including bills purchased and discounted is:

- Sub-standard Assets: A general provision of 10.0% of the total outstanding sub-standard assets is required to be made;
- Doubtful Assets: (a) A 100.0% provision to the extent to which the advance is not covered by the realisable value of the security to which the applicable NBFC has a valid recourse shall be made. The realisable value is to be estimated on a realistic basis; and (b) in addition to (a), depending on the period for which the asset has remained doubtful, provision to the extent of 20.0% to 50.0% of the secured portion of the doubtful assets (i.e. estimated realisable value of the outstanding amount) is required to be made as follows: (i) if the asset has been considered doubtful for up to one year, provision to the extent of 20.0% of the secured portion of the doubtful assets is required to be made; (ii) if the asset has been considered doubtful for one to three years, provision to the extent of 30.0% of the secured portion of the doubtful assets is required to be made; and (iii) if the asset has been considered doubtful for more than three years, provision to the extent of 50.0% of the secured portion of the doubtful assets is required to be made; and
- Loss Assets: The entire asset is required to be written off. If the asset is permitted to remain in the books for any reason, 100.0% of the outstanding amount should be provided for.

#### **NPA**

We believe we follow risk management policies to ensure that the asset quality of our Loan Book remains comfortable. Gross NPAs were 1.01%, 0.42% and 0.28% of Loan Book as on December 31, 2017, March 31, 2017 and March 31, 2016, compared to 0.20%, 0.03% and NIL% of total loans as on December 31, 2015, March 31, 2015 and March 31, 2014 respectively.

The net NPA ratio is 0.90%, 0.36% and 0.07% as on December 31, 2017, March 31, 2017 and March 31, 2016 compared to 0.07%, NIL% and NIL% as on December 31, 2015, March 31, 2015 and March 31, 2014.

The NPA details are as under:

(₹ In million)

| Particulars  | March 31, 2014 | March 31, 2015 | March 31, 2016 | March 31, 2017 | December 31, 2017 |
|--|----------------|----------------|----------------|----------------|-------------------|
| Loan book  | 625.82         | 5,514.56       | 13,959.48      | 14,736.56      | 28,330.58         |
| Gross NPAs   | NIL            | 1.41           | 39.76          | 61.97          | 287.02            |
| Gross NPAs %*  | NIL            | 0.03%          | 0.28%          | 0.42%          | 1.01%             |
| Provisions for non-performing assets and restructured loans (shown as part of short term | NIL            | 1.41           | 29.84          | 8.96           | 33.45             |

| Particulars  | At the end of period | March 31, 2014 | March 31, 2015 | March 31, 2016 | March 31, 2017 | December 31, 2017 |
|--|----------------------|----------------|----------------|----------------|----------------|-------------------|
| and long term provisions)  |                      |                |                |                |                |                   |
| Net NPAs**   |                      | NIL            | NIL            | 9.92           | 53.01          | 253.56            |
| Net NPAs %***  |                      | NIL            | NIL            | 0.07%          | 0.36%          | 0.90%             |
| NPA Provision Cover****  |                      | NIL            | 100%           | 75.05%         | 14.46%         | 11.66%            |
| Provision for Standard Assets (shown as part of short term and long term provisions) |                      | 1.57           | 14.28          | 41.78          | 51.42          | 112.25            |

\*Gross NPAs % = Gross NPAs / Loan Book

\*\*Net NPAs = Gross NPAs (-) provisions for non performing assets and restructured loans

\*\*\*Net NPAs % = (Gross NPAs - provisions for non performing assets and restructured loans) / Loan Book

\*\*\*\*NPA provision cover = Provisions for non performing assets and restructured loans / Gross NPAs

## OUR PROVISIONING POLICY

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI. Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

## FUNDING SOURCES

We raise funds from diversified sources and through a wide range of instruments in order to reduce our funding cost and to have a diversified lender base. This helps us to raise resources at competitive rates, protect interest margins and maintain a diversified funding portfolio that enable us to achieve funding stability and liquidity. Our sources of funding comprise of credit facilities from banks, redeemable non-convertible debentures, money market borrowings and through assignment of certain loan portfolios.

## BORROWINGS

Please refer to the sections titled "*Financial Statements*" and "*Financial Indebtedness*" on pages 153 and 155.

## CREDIT RATING

Rating details of our Company as on January 31, 2018:

| (₹ in million) |               |                                       |                |                       |                   |
|----------------|---------------|---------------------------------------|----------------|-----------------------|-------------------|
| Sr.No.         | Rating Agency | Instrument                            | Rating         | Amount (₹ in million) | Date of rating*   |
| 1.             | CARE          | Non-Convertible Debentures            | CARE AA/Stable | 9,500                 | January 12, 2018  |
|                |               | Subordinated Debt                     | CARE AA/Stable | 3,000                 | January 12, 2018  |
|                |               | Commercial Paper                      | CARE A1+       | 5,000                 | January 12, 2018  |
| 2.             | ICRA Limited  | Non-Convertible Debentures            | ICRA AA/Stable | 15,000                | January 22, 2018  |
|                |               | Commercial Paper                      | ICRA A1+       | 5,000                 | January 22, 2018  |
|                |               | Subordinated Debt                     | ICRA AA/Stable | 4,500                 | January 22, 2018  |
|                |               | Short Term non-convertible debentures | ICRA A1+       | 1,000                 | January 22, 2018  |
|                |               | Bank Facilities                       | ICRA AA/Stable | 15,000                | December 18, 2017 |
| 3.             | Brickwork     | Non-convertible debentures            | BWR AA+/Stable | 4,500                 | January 12, 2018  |

| Sr.No. | Rating Agency          | Instrument                              | Rating              | Amount (₹ in million) | Date of rating*   |
|--------|------------------------|---|---------------------|-----------------------|-------------------|
|        |                        | Perpetual Debt                          | BWR<br>AA/Stable    | 1,000                 | November 29, 2017 |
| 4.     | CRISIL Ratings Limited | Bank Facilities                         | CRISIL<br>AA/Stable | 5,000                 | April 03, 2017    |
|        |                        | Non convertible debentures              | CRISIL<br>AA/Stable | 5,000                 | January 10, 2018  |
|        |                        | Subordinated debt                       | CRISIL<br>AA/Stable | 3,000                 | January 10, 2018  |
|        |                        | Short Term Debt (incl Commercial Paper) | CRISIL A1+          | 5,000                 | January 10, 2018  |
| 5.     | SMERA                  | Perpetual Debt                          | SMERA<br>AA/Stable  | 1,000                 | December 02, 2017 |

\*date of latest revalidations

### TREASURY OPERATIONS

Our treasury department undertakes to ensure the timely availability of funds to disburse loans, manages the mismatch in the time period of repayment to our financiers and repayments from our borrowers. They further seek to maintain and mitigate the impact of the varying interest rates on our business and operations to the extent possible. Our treasury department also manages and operates to curb the refinancing risks arising due to any inability to raise new funds in order to repay an existing debt when it matures. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI requirement of asset liability management. The objective is to ensure the smooth functioning of all our branches and at the same time avoid the holding of excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks. Our investments, if any, are made in accordance with the investment policy approved by the Board.

#### Assignment/Securitization of Portfolio against Financing Activities

We currently undertake non-recourse assignments/ securitisation of receivables as a cost-effective source of funds and to increase our capital adequacy ratio. We sell a portion of the receivables generated from our financing businesses through assignment/ securitisation transactions. In our securitisation transactions, we provide credit enhancement, which can be in the form of corporate guarantee by our Company or bank deposits.

As of December 31, 2017, we have ₹ 1,484.01 million outstanding under securitisation/direct assignment transactions for which we have provided credit enhancement in the form of corporate guarantee of our Company to the extent of ₹ 328.98 million.

### CAPITAL ADEQUACY

We are subject to capital adequacy ratio (“CAR”) requirements prescribed by RBI. We are currently required to maintain a minimum of 15 % as prescribed under the prudential norms of RBI based on our total capital to risk weighted assets. As part of our governance policy, we maintain capital adequacy higher than statutorily prescribed CAR.

The following table sets out our capital adequacy ratios computed on the basis of applicable RBI requirements as of the dates indicated:

| Particulars as on            | March 31, 2015 | March 31, 2016 | March 31, 2017 | December 31, 2017 |
|------------------------------|----------------|----------------|----------------|-------------------|
| CAR prescribed by RBI        | 15.00%         | 15.00%         | 15.00%         | 15.00%            |
| Total Capital Adequacy Ratio | 21.74%         | 18.70%         | 18.67%         | 16.18%            |
| Out of which:                |                |                |                |                   |
| Tier I                       | 21.49%         | 17.68%         | 17.90%         | 11.30%            |
| Tier II                      | 0.25%          | 1.02%          | 0.77%          | 4.88%             |

### RISK MANAGEMENT AND RISK MANAGEMENT POLICY

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to appreciate, measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We have a well-defined risk management policy framework for risk identification, assessment, and control to effectively manage risks associated with the various business activities. We have established an effective risk management framework through the implementation of robust systems and procedures for evaluating and approving loan proposals. We undertake extensive financial and legal due diligence of the potential loan proposal, either in-house or by appointing third party experts. Subsequent to the disbursement of debt, we continue to monitor the development and performance of the relevant loans. We believe our risk management framework enables us to identify the risks and suitably adopt various risk mitigation measures. We believe that our in-house risk team helps us to understand the sector and industrial risks involved and process to mitigate the same. The risk function is mainly looked after by the risk group.

We extend loans to clients by way of SME finance, LAP, construction finance and rural finance. The lending norms followed by our Company are conservative. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk and asset risk. For further risks please see “**Risk Factors**” on page 14 of this Prospectus.

#### *Credit Risk*

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

#### *Interest Rate Risk*

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and floating rates and are from money market instruments and banks. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities.

#### *Operational Risk*

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed independent audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

#### *Liquidity Risk*

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. We attempt to minimize this risk through a mix of strategies, including assignment of receivables and short-term funding. We also monitor liquidity risk through our Asset Liability Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Our asset and liability management policy is in line with guidelines prescribed by the RBI. For further details refer section titled “**Risk Factors**” on page 14 of this Prospectus.

### *Cash Management Risk*

Our branches collect and deposit cash. To address cash management risks, we have developed cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct audits to ensure compliance with our cash management systems.

### *Asset risk*

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral.

### *Market Risk*

Market Risk is the risk to earnings arising from adverse movements in interest rates. Market risk are risk which may occur due to changes in regulatory environment, risk from competitors and economic risks. We minimize such risks by preparing quarterly risk reports and creating a healthy and risk aware portfolio with business concentration into sectors with positive outlook.

### *Portfolio Risk*

Portfolio risks are risks which may occur from the concentration of exposure from sector, customer, geographic region and asset category. We minimize such risks by conducting periodic checks, various studies and periodic reports at regular intervals through our risk managers who help in identifying the early warning signals and enable us to take pre-emptive steps. The portfolio risks analysis covers several areas including approver wise delinquency, deviation reports, potential loss analysis, collection efficiency etc.

## **ASSET AND LIABILITY MANAGEMENT (“ALCO”)**

We require sizeable working capital and hence day-to-day liquidity management becomes a critical function. In addition, as our secured SME finance and LAP books scale up, the asset side duration lengthens requiring greater attention to management of liabilities. Our treasury team along with the BMU at a centralized level, manages Edelweiss Group's liquidity, while also managing the balance sheet and ensuring that maturing liabilities are repaid smoothly. It also manages key components of balance sheet, monitors interest rate sensitivity in our portfolio and takes preemptive steps to mitigate any potential liquidity and interest rate risks.

The Asset Liability Management Committee of our Company was constituted on July 18, 2014. The ALM statement of our Company is prepared on a regular basis to track the inflows and outflows in the relevant buckets and is placed before our Asset Liability Management Committee (ALCO). Since our Company has a mixed lending portfolio comprising of short term and long term loans, efforts are made to match the maturity of liabilities with those of the assets and minimise the ALM mismatch.

## **AUDIT COMMITTEE**

Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.

## **CUSTOMER CENTRICITY**

The customer is the main reason for the growth of a services oriented company, like that of ours. While most companies would believe that they are customer oriented, the degree of focus on customers' experience and the centricity that customers enjoyed in their approach varies.

We believe that customer centricity is going to be the key driver of our business.

## **COMPETITION**



We believe that our relationships with our DSA, knowledge of our markets, existing customer base and associated relationships, coupled with our proactive approach in providing flexible loan products and speedy service will enable us to remain competitive. Competition in our industry is expected to continue to increase. Our primary competitors are public sector banks, private banks (including foreign banks), co-operative banks, regional rural banks and NBFCs. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that as these banks continue to expand their operations into the retail financing, it would result in greater competition and lower spreads on our loans, particularly because these banks have greater resources and access to cheaper funding than us. Increasing competition from banks has already resulted in downward pressure on our interest margins.

## **CORPORATE SOCIAL RESPONSIBILITY**

Our Company's corporate social responsibilities are carried out through EdelGive Foundation which is the philanthropic arm of the Edelweiss Group. EdelGive undertakes CSR activities in a centralized manner for Edelweiss Group. EdelGive's mission is to leverage its resources with a view to empowering social entrepreneurs and organisations towards achieving systemic change. EdelGive attempts to build a strong, efficient and high impact social sector by being the bridge between the users and providers of philanthropic capital and knowledge, by catalyzing the exchange of ideas, skills, talents and resources among civil society, philanthropists, businesses and government.

Edelweiss Group's contribution to corporate social responsibility activities through EdelGive for the financial year ended March 31, 2017 was ₹ 115.68 million and ₹ 76.47 million for the period ended March 31, 2016.

## **INSURANCE COVERAGE**

Various types of insurance covers are taken at a centralized level in the Edelweiss Group. We are also covered under such insurance policies. We believe that we have necessary and adequate general insurance such as directors and officers' liability insurance, office package policy, bodily injury policy, property damage liability policy, personal and advertising liability policy, medical payments policy, monetary/financial loss on account of profession/vicarious liability policy, group personal accident policy and group life protection policy.

## **INTELLECTUAL PROPERTY**

Our Company is using the following trade mark/ logo pursuant to a trademarks license agreement dated February 29, 2016, entered into between our Company and Edelweiss Financial Services Limited:



## **EMPLOYEES**

We believe that our human capital is one of our most important strengths and is the driver of growth, efficiency and productivity and thus invest in developing our talent and leadership through various initiatives.

We have launched initiatives aimed at strengthening the ability of our managers to bring together people, strategies, and execution to drive business results. We also have a Leadership Program with the objective of multiplying leadership capability, growing internal leaders and providing for seamless execution of organisation's growth target in future. The three tiered Edelweiss Leadership Pool at the centralized level in the Edelweiss Group, comprises of Senior Leaders, Business Leaders and Emerging Leaders.

The number of employees in our Company is as under:

| <b>As on</b>      | <b>No of employees</b> |
|-------------------|------------------------|
| March 31, 2015    | 29                     |
| March 31, 2016    | 101                    |
| March 31, 2017    | 224                    |
| December 31, 2017 | 556                    |

## HISTORY, MAIN OBJECTS AND KEY AGREEMENTS

### Corporate Profile

Our Company was originally incorporated on February 18, 1997 as private limited company under the provisions of the Companies Act as “Affluent Dealcom Private Limited”. Affluent Dealcom Private Limited was granted certificate of registration as a non-banking finance company by the Reserve Bank of India, Kolkata regional office under section 45 IA of the Reserve Bank of India Act, 1934 on December 31, 1998 bearing registration number 05.03052. Our Company was acquired by Edelcap Securities pursuant to share purchase agreement dated March 30, 2012 and was converted into a public limited company with the name changed to “Affluent Dealcom Limited” on receipt of a fresh certificate of incorporation consequent to change in status on January 1, 2014 from the Registrar of Companies, West Bengal.

Subsequently our Company’s name was changed to “Edelweiss Retail Finance Limited” pursuant to fresh certificate of incorporation dated January 6, 2014. Our Company has obtained a revised certificate of registration dated October 14, 2014 bearing registration no. B-05.03052 issued by the Reserve Bank of India, Kolkata regional office under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

Subsequently, the registered office of our Company was changed from the state of West Bengal to the state of Maharashtra *vide* certificate received from the Registrar of Companies dated September 2, 2016. Pursuant to change of our registered office from Kolkata to Mumbai, our Company obtained a revised Certificate of Registration dated January 4, 2017 bearing Registration no. B-13.02149 from the Reserve Bank of India, Mumbai Regional Office under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of a non banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration.

The registered office of our Company is situated at Edelweiss House, Off CST Road, Kalina, Mumbai-400098, Maharashtra, India. The liability of the members of our Company is limited. The Corporate Identification Number of our Company is U67120MH1997PLC285490.

### Change in registered office of our Company

With effect from September 2, 2016, the registered office of our Company has been shifted from the state of West Bengal at 2A & 2B, Savitri Tower, 3A, Dr Martin Luther King Sarani (formerly Upper Wood Street), Kolkata-700017 to the State of Maharashtra at Edelweiss House, Off CST Road, Kalina, Mumbai-400098.

### Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on in India or abroad the business of financing, money lending, bill discounting, factoring, corporate lending to advance money with or without securities; to provide finance to industrial enterprises; to provide finance on the security of shares, stocks, bonds, debentures, securities, fixed assets, current assets and any other properties/assets; to participate in consortium finance with other institution or body corporates but the Company shall not do Banking business as defined in the Banking Regulation Act, 1949; to take acceptances and obligations; to provide guarantees and counter guarantees and provide all types of financial services. To buy, acquire, sell, deal, dispose off, exchange, convert, underwrite, subscribe, participate, invest in and hold whether on its own account or on behalf of any person, any security, shares, stocks, debentures, debenture-stocks, units, promissory notes, bills of exchange, bonds, warrants, commercial paper, treasury bills, certificate of deposits, Interest Rate Derivatives, invest in Asset Reconstruction Companies/ Securitization Companies in any manner and also in Security Receipts issued by Asset Reconstruction Companies/Securitization Companies/Trusts, Asset Backed Securities, Mortgage Backed Securities, special certificates or participation units, other money market or capital market instruments, including Repos arrangements, lending in Call/Notice/Term/CBLO market, put and call option and forward contracts in any of the securities and other instruments obligations and securities issued or guaranteed by any Government, or any local body or company, whether incorporated or not or by any person or association and to act as dealers/primary dealers of any of the securities aforesaid and other instruments, and to act as foreign exchange dealer and to buy, sell or otherwise deal in all kinds of foreign

currencies, foreign currency options, forward covers, swaps of all kinds and to transact the same for itself or on behalf of any person and also discounting and re-discounting of bills and to carry on the business as lenders, borrowers, brokers, broking houses, arrangers.

### Key Milestones and Major Events

| Financial Year | Particulars   |
|----------------|---|
| 1996-97        | Incorporation as Affluent Dealcom Private Limited   |
| 1998-99        | Obtained a certificate of registration dated December 31, 1998 bearing registration no. 05.03052 issued by the Reserve Bank of India, Kolkata regional office under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration |
| 2011-12        | Affluent Dealcom Private Limited acquired by Edelcap Securities Limited   |
| 2013-14        | Change of name from Affluent Dealcom Private Limited to Affluent Dealcom Limited<br>Further change of name from Affluent Dealcom Limited to Edelweiss Retail Finance Limited<br>Started operations of our Company under the name of Edelweiss Retail Finance Limited<br>The Loan Book of our Company was ₹625.82 million as on March 31, 2014   |
| 2014-15        | Total book size of our Company crossed ₹5,000 million<br>First issuance of secured NCDs, amounting to ₹250 million, through private placement<br>The Loan Book of our Company was ₹5,514.56 million as on March 31, 2015  |
| 2015-16        | First issuance of unsecured NCDs (qualifying as Tier II Capital), amounting to ₹140 million, through private placement<br>Total book size of our Company crossed ₹10,000 million<br>The Loan Book of our Company was ₹13,959.48 million as on March 31, 2016  |
| 2016-17        | The Loan Book of our Company was ₹14,736.56 million as on March 31, 2017  |
| 2017-18*       | The total book size of our Company crossed ₹25,000 million<br>The number of branches of our Company as on January 31, 2018 is 83 (including registered office)<br>The Loan Book of our Company was ₹28,330.58 million as on December 31, 2017   |

\*Ongoing financial year

Details of assignment transactions undertaken by our Company since the last 5 years are as follows:

| Sr. No       | Year     | Transaction Mode (₹ in million) |                 |
|--------------|----------|---------------------------------|-----------------|
|              |          | Direct Assignment               | Securitization  |
| 1            | FY 16-17 | 813.72                          | 3,298.44        |
| 2            | FY 15-16 | -                               | 400.00          |
| 3            | FY 14-15 | -                               | -               |
| 4            | FY 13-14 | -                               | -               |
| 5            | FY 12-13 | -                               | -               |
| <b>Total</b> |          | <b>813.72</b>                   | <b>3,698.44</b> |

### Subsidiaries of our Company

As on the date of this Prospectus our Company does not have any subsidiary.

### Associate of our Company

As on the date of this Prospectus our Company does not have any associate.



## REGULATIONS AND POLICIES

*The regulations summarised below are not exhaustive and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. For the purposes of this section, references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification are to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended from time to time.*

*The following description is a summary of certain sector specific laws and regulations and policies as prescribed by the Government of India and other regulatory bodies, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

The major regulations governing our Company are detailed below:

We are a Systemically important non-deposit accepting non-banking financial company (“**NBFC-ND-SI**”) registered with the RBI. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs (“**NBFC-ND**”).

The RBI issued an updated *Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016* (“**NBFC Master Directions**”), applicable to all NBFC-ND-SI’s.

### **Regulations governing NBFCs**

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law, any company that carries on the business of a non-banking financial institution as its ‘principal business’ is to be treated as an NBFC. The term ‘principal business’ has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company’s principal business. The company will be treated as an NBFC if (a) its financial assets are more than 50% of its total assets (netted off by intangible assets) and (b) income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017 (“**Peer to Peer Regulations**”), Reserve Bank Commercial Paper Directions, 2017 (“**Commercial Papers Directions**”), Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and the provisions of the Non-Banking Financial Companies

Prudential Norms (Reserve Bank) Directions, 1998. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

NBFCs are categorized a) in terms of the type of liabilities into Deposit (“**NBFC-D**”) and Non-Deposit accepting NBFCs (“**NBFC-ND**”), b) non deposit taking NBFCs by their size into systemically important (“**NBFC-ND-SI**”) and other non-deposit holding companies (“**NBFC-ND**”) respectively and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

- Asset finance companies;
- Investment companies;
- Systemically Important Core Investment Company;
- Loan companies;
- Infrastructure finance companies;
- Infrastructure debt fund - NBFCs;
- NBFC - micro finance institutions;
- NBFC – Factors;
- Mortgage guarantee companies;
- NBFC- non-operative financial holding company; and
- Non-Banking Financial Company – Peer to Peer Lending Platform.

Our Company has been classified as an NBFC-ND-SI.

#### ***Systemically Important NBFC-NDs***

As per the NBFC Master Directions, the RBI revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹5,000 Million and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹5,000 Million and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15%.

#### ***Rating of NBFCs***

Pursuant to the RBI circular DNBS (PD) CC. No.134/03.10.001/2008-2009 dated February 04, 2009, all NBFCs with an asset size of ₹1,000 million are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

### ***Prudential Norms***

The RBI master circular on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“**ND-SI-Directions**”), amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The ND-SI-Directions state that the credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

### ***Corporate governance norms***

As per the ND-SI-Directions, all NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, RBI *vide* notification dated November 10, 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the ‘fit and proper criteria’ at the time of appointment of directors and on a continuing basis.

### ***Provisioning Requirements***

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as ‘Contingent Provisions against Standard Assets’ in the balance sheet. NBFCs are allowed to include the ‘*General Provisions on Standard Assets*’ in Tier II Capital which together with other ‘general provisions/ loss reserves’ will be admitted as Tier II Capital only up to a maximum of 1.25% of the total risk-weighted assets.

### ***Capital Adequacy Norms***

Every systemically important NBFC-ND is required to maintain, with effect from April 1, 2007, a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II Capital of a NBFC shall not exceed 100% of the Tier I Capital.

*Tier-I Capital*, has been defined in the Prudential Norms – ND as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year.

*Owned Funds*, has been defined in the Prudential Norms – ND as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

*Tier - II Capital* has been defined in the Prudential Norms – ND, includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15% of the Tier -I capital.

*Hybrid debt* means, capital instrument, which possess certain characteristics of equity as well as debt.

*Subordinated debt* means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

### ***Exposure Norms***

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Prudential Norms Directions, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC-ND-SI may exceed the concentration of credit / investment norms, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and / or investment.

### ***Asset Classification***

The Prudential Norms Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation.

### ***Other stipulations***

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cutoff date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.



### ***Net Owned Fund***

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹20 Million. For this purpose, the RBI Act has defined “net owned fund” to mean:

*Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,*

- (i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and
- (ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Further in accordance with RBI Notification No. DNBR.007/CGM (CDS)-2015 dated March 27, 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹20 Million may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

- (i) ₹10 Million before April 1, 2016; and
- (ii) ₹20 Million before April 1, 2017.

### ***Reserve Fund***

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND-NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

### ***Maintenance of liquid assets***

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI’s Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no’s, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹1,000 Million or more or holding public deposits of ₹2,000 Million or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with “Know Your Customer Guidelines - Anti Money Laundering Standards” issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

***Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016 (“RBI KYC Directions”)***

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC’S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, *inter alia*, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies

***Accounting Standards & Accounting policies***

Subject to the changes in Indian Accounting Standards (“IAS”) and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. The Ministry of the Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same shall be applicable to our Company from April 1, 2018.

***Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016***

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹1 lac and above, and if the fraud is of ₹10 Million or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

**Reporting by Statutory Auditor**

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

***Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016***

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-SI, the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits,

whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (“MFI”).

#### ***Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016***

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding *inter alia* asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits (“CRILC”) on a quarterly basis as well as all Special Mention Account (“SMA-2”) status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

#### ***Master Direction - Information Technology Framework for the NBFC Sector, 2017***

All systemically important NBFC must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology /Information Security framework (“IT”), business continuity planning, disaster recovery and management. NBFCs must constitute a IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks. It has to be implemented by applicable NBFCs by June 2018.

#### ***Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017***

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs (“**Risk Management Directions**”). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

#### ***Financing of NBFCs by bank***

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all type of loans and advances by NBFCs to their subsidiaries, group companies / entities; (v) further lending to individuals for the purpose of subscribing to an initial public offer.

#### ***Norms for excessive interest rates***

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. This is also required to be made available on the NBFCs’ website

or published in newspapers and is required to be updated in the event of any change therein. The rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

### ***Supervisory Framework***

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

### ***Asset Liability Management***

The RBI has prescribed the Guidelines for Asset Liability Management ("ALM") System in relation to NBFCs ("ALM Guidelines") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹1,000 Million, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹200 Million or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2015, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

### ***Foreign Investment Regulations***

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("FDI") Policy and Foreign Exchange Management Act, 1999 ("FEMA"). The government bodies responsible for granting foreign investment approvals are the concerned ministries/ departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the Department of Industrial Policy & Promotion ("DIPP") issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "SOP"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA prevails.

The Consolidated FDI Policy consolidates the policy framework in place as on August 27, 2017. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India. Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100% FDI/ Non-Resident Indian (“**NRI**”) investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

### ***Anti-Money Laundering***

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 (“**PMLA**”) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled “Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards” states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document ‘Improving Global AML/CFT Compliance: on-going process’ as on October 23, 2015.

### ***The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”)***

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non-Performing Asset (“**NPA**”). Securitisation Companies and Reconstruction Companies (“**SCs/RCs**”) are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60% of the amount outstanding to a borrower as against 75%. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI (Amendment) Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a “without recourse” basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting *inter alia* any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

### ***Insolvency and Bankruptcy Code, 2016***

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

### ***Companies Act, 2013***

The Companies Act, 2013 (“**Companies Act**”) has been notified by the Government of India on August 30, 2013 (the “**Notification**”). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March 26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director’s liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act every company having net worth of ₹5,000 million or more, or turnover of ₹10,000 million or more or a net profit of ₹50 million or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

### ***Shops and Establishments legislations in various states***

The provisions of various shops and establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

### ***Labour Laws***

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

### ***Intellectual Property***

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

## OUR MANAGEMENT

The Articles of Association of our Company require us to have not less than 3 (three) and not more than 12 (twelve) Directors. As on the date of this Prospectus, we have 3 (three) non-executive Directors and 2 (two) independent directors.

### *Board of Directors*

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. The composition of the Board is in conformity with section 149 of the Companies Act, 2013. Currently, we have 5 (five) Directors on the Board of Directors.

#### Details relating to Directors:

| Name, Designation, DIN, Nationality, Occupation and Address | Age      | Other Directorships                    |
|---|----------|--|
| Mr. Anil Kothuri  | 46 years | 1. Edelweiss Insurance Brokers Limited |

**Designation:** Director

**DIN:** 00177945

**Nationality:** Indian

**Occupation:** Service

**Date of Appointment:** December 2, 2013

**Term:** Liable to retire by rotation

**Address:**

202, Bellisima, 15th Road,  
Bandra (W),  
Mumbai – 400050,  
Maharashtra, India

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|                            |          |                                      |
|----------------------------|----------|--------------------------------------|
| Mr. Krishnaswamy Siddharth | 43 years | 1. Edelweiss Housing Finance Limited |
|----------------------------|----------|--------------------------------------|

**Designation:** Director

**DIN:** 02463804

**Nationality:** Indian

**Occupation:** Service

**Date of Appointment:** December 8, 2014

**Term:** Liable to retire by rotation

**Address:**

Heritage Flat No 3402,  
Hiranandani Gardens,  
Powai, Mumbai- 400076,  
Maharashtra, India

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| Name, Designation, DIN, Nationality, Occupation and Address   | Age      | Other Directorships   |
|---|----------|---|
| <p>Ms. Shalinee Mimani</p> <p><b>Designation:</b> Director</p> <p><b>DIN:</b> 07404075</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Service</p> <p><b>Date of Appointment:</b> February 1, 2016</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Address:</b><br/>C-801/802, Lake Pleasant Lake Homes, Phase II, Off A.S. Marg, Powai, Mumbai- 400076 Maharashtra, India</p>                         | 43 years | 1. Edelweiss Housing Finance Limited  |
| <p>Mr Mitul Bhagvandas Shah</p> <p><b>Designation:</b> Independent Director</p> <p><b>DIN:</b> 07122551</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Professional</p> <p><b>Date of Appointment:</b> March 15, 2016</p> <p><b>Term:</b> 3 years</p> <p><b>Address:</b><br/>A-9, Shree Manorath CHS, Datta Pada Cross Road No. 2, Nr. Datta Pada Subway, Borivali (East), Mumbai- 400066 Maharashtra, India</p> | 54 years | None  |
| <p>Mr. Sanjay Nathalal Shah</p> <p><b>Designation:</b> Independent Director</p> <p><b>DIN:</b> 00003142</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Professional</p> <p><b>Date of Appointment:</b> March 15, 2016</p>  | 39 years | <ol style="list-style-type: none"> <li>1. Consultshah Financial Services Private Ltd;</li> <li>2. Edelweiss Finvest Private Limited;</li> <li>3. Styrax Commodities Ltd.;</li> <li>4. Edelweiss Fund Advisors Private Ltd.;</li> <li>5. Falcom Realty Private Limited; and</li> <li>6. Thehouse Enterprise Technologies Private Limited.</li> </ol> |

| Name, Designation, DIN,<br>Nationality, Occupation and<br>Address | Age | Other Directorships |
|---|-----|---------------------|
|---|-----|---------------------|

**Term:** 3 years

**Address:**

Flat No.426, Sujata Niketan CHS,  
Rani Sati Road, Malad (East),  
Mumbai – 400097  
Maharashtra, India

**Profile of Directors**

*Mr. Anil Kothuri*

Anil Kothuri heads Edelweiss’ Retail Finance business which includes mortgage loans, SME finance, Small Ticket Home Loans and Rural Finance. Anil has over two decades of experience across various asset businesses including Mortgage, SME Financing, Auto Loans, Share Finance and Unsecured Lending. Prior to joining Edelweiss, he was with Citibank where he led key assignments across functions in Audit, Operations, Sales, Product Management and Marketing. He is an MBA graduate from the Indian Institute of Management, Ahmedabad and a Computer Engineer from Andhra University. Anil is a quizzing enthusiast and an avid runner.

*Mr. Krishnaswamy Siddharth*

Mr. K. Siddharth is a qualified Chartered Accountant with 20 years of wide experience in the financial services sector where he had led key assignments across functions in Operations, Technology, Underwriting, Risk, Accounts, Legal and Compliance, Project Management, Product Management, Retail Banking, Mortgages and Personal Loans. He joined Edelweiss from CitiBank where he was part of the management team that led the task of turning one of their group company back to profitability in an arguably toughest credit cycle coupled with severe liquidity crunch necessitating dynamic portfolio management (Origination and Securitization) requirement.

*Ms. Shalinee Mimani*

Ms Mimani is a CA and Cost Accountant. She has a rich experience of more than 20 years in Banking Industry in the retail credit & risk management functions. Her experience includes working with leading multi-national banks and Indian private sector banks with exposure to varied retail asset products both in secured & unsecured domain. Prior to joining Edelweiss, she was working with Fullerton India Credit Company as Head-Retail Policy, Portfolio Management, Underwriting, Corporate planning & Strategic Initiatives. She has been associated with Barclays Bank PLC, HDFC Bank, DCB Bank, ABN Amro & Bank of America in various capacities relating to retail credit.

*Mr. Mitul Bhagvandas Shah*

Mr. Mitul Bhagvandas Shah is a fellow member of the Institute of Chartered Accountants of India. He is a practicing Chartered Accountant with rich experience in corporate advisory services. He has also served on the Board of several companies.

*Mr. Sanjay Nathalal Shah*

Mr. Sanjay Nathalal Shah is a fellow member of the Institute of Chartered Accountants of India. He is a practicing Chartered Accountant with vast experience in consultancy of direct taxes, audit, management consultancy, tax consultancy, accounting services and handling corporate affairs in different areas. Mr. Shah also serves on the Board of several companies.

**Confirmations:**

None of our Directors have been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our Directors have been identified as a ‘wilful defaulter’ by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. None of our directors features in any list of defaulter by ECGC or any government/regulatory authority.

#### Relationship between Directors

None of our Directors are related to each other.

#### Remuneration of the Directors

The Board of Directors of our Company in their meeting held on March 18, 2016 have approved payment of ₹ 0.02 million as sitting fees (per meeting) to the independent director of our Company for attending every meeting of the Board of Directors and its Committees, in accordance with the applicable provisions of the Companies Act and rules made thereunder. As at March 31, 2017 the total amount of sitting fees paid by our Company is ₹ 0.40 million.

**(A) Details of sitting fees paid to our Directors during the financial year ended March 31, 2017 by our Company are as follows:**

| Sr. No. | Name of the Director      | Sitting fees paid in the capacity of a Director (₹ in million) | Nature       | Total sitting fees (₹ in million) |
|---------|---------------------------|--|--------------|-----------------------------------|
| 1.      | Mr. Mitul Bhagvandas Shah | 0.20   | Sitting Fees | 0.20                              |
| 2.      | Mr. Sanjay Nathalal Shah  | 0.20   | Sitting Fees | 0.20                              |

**(B) Details of sitting fees paid to our Directors during period ended December 31, 2017 by our Company are as follows:**

| Sr. No. | Name of the Director      | Sitting fees paid in the capacity of a Director (₹ in million) | Nature       | Total sitting fees (₹ in million) |
|---------|---------------------------|--|--------------|-----------------------------------|
| 1.      | Mr. Mitul Bhagvandas Shah | 0.16   | Sitting Fees | 0.16                              |
| 2.      | Mr. Sanjay Nathalal Shah  | 0.16   | Sitting Fees | 0.16                              |

#### Terms and conditions of employment of Executive Directors

The Company does not have any Executive Directors.

#### Borrowing Powers of the Board

Pursuant to a resolution passed by the shareholders at their EGM held January 22, 2018, in accordance with Section 180(1)(c) and all other applicable provisions of the Companies Act and Articles of Association, our Board has been authorised to borrow monies from time to time, and, if they think fit, mortgaging or charging our Company’s undertaking and any property or any part thereof to secure such borrowings up to a continuous limit for the time being remaining undischarged of ₹45,000 million (apart from temporary loans obtained from our Company’s bankers in the ordinary course of business ) even though the money to be borrowed together with the monies already borrowed by our Company may exceed the aggregate of the paid-up share capital of our Company and its free reserves.

The Issue of NCDs offered under this Prospectus is being made pursuant to the resolution passed by the Board of Directors at its meeting held on January 22, 2018.

#### Interest of the Directors

All the Directors of our Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to

the extent of other remuneration and reimbursement of expenses payable to them. Further, none of the Directors of our Company have any interest in the promotion of our Company or any immovable property acquired by our Company in the two years preceding the date of this Prospectus or any immovable property proposed to be acquired by it.

All the Directors of our Company, including the independent directors, may also be deemed to be interested to the extent of Equity Shares or debentures, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares or debentures.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company. None of the Directors have any interest in immovable property acquired or proposed to be acquired by our Company in the preceding two years as of the date of this Prospectus.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements and which may be entered into with them.

As on the date of this Prospectus, our Directors have not taken any loan from our Company. None of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors' relatives have been appointed to an office or place of profit.

Except as disclosed hereinabove and the section titled "*Risk Factors*" on page 14 of this Prospectus the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the section titled "*Financial Statements*" on page 153 of this Prospectus and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

#### **Debenture holding of Directors:**

As on date of this Prospectus, none of our Directors hold any debentures in our Company.

#### **Changes in the Directors of our Company during the last three years:**

The changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

| <b>Name of Director</b>                                    | <b>Designation</b> | <b>Date of Change</b> | <b>Director of our Company since</b> | <b>DIN</b> | <b>Reason</b> |
|--|--------------------|-----------------------|--------------------------------------|------------|---------------|
| Pradeep Rooplal Nagori                                     | Director           | March 16, 2015        | July 19, 2012                        | 03291315   | Resignation   |
| Shilpa Gattani<br>(earlier known as<br>Shilpa Mayank Soti) | Director           | March 16, 2015        | July 19, 2012                        | 05124763   | Resignation   |

| Name of Director      | Designation          | Date of Change    | Director of our Company since | DIN      | Reason      |
|-----------------------|----------------------|-------------------|-------------------------------|----------|-------------|
| Vineet Mahajan        | Director             | February 01, 2016 | August 03, 2015               | 07253615 | Resignation |
| Arun Kumar Nayyar     | Director             | February 01, 2016 | December 08, 2014             | 06804277 | Resignation |
| Shalinee Mimani       | Director             | -                 | February 1, 2016              | 07404075 | Appointment |
| Mitul Bhagvandas Shah | Independent Director | -                 | March 15, 2016                | 07122551 | Appointment |
| Sanjay Nathalal Shah  | Independent Director | -                 | March 15, 2016                | 00003142 | Appointment |

### Shareholding of Directors, including details of qualification shares held by Directors

Our Company's Articles of Association do not require our Directors to hold any qualification shares in our Company. None of the Directors of our Company, hold any Equity Shares in our Company or in the Associate of our Company, as on the date of this Prospectus.

### Corporate Governance

We are required to adhere to certain corporate governance norms including constitution of committees and certain other norms in connection with disclosure and transparency and connected lending. We have complied with these corporate governance requirements.

Currently our Board has 5 (Five) Directors. None of the Directors on the Board are members of more than ten committees or Chairman of more than five Committees across all companies in which they are directors. Our Board has constituted the following committees:

1. Audit Committee;
2. Risk Management Committee;
3. Asset Liability Management Committee;
4. Nomination and Remuneration Committee;
5. Corporate Social Responsibility Committee;
6. Operations Committee;
7. Investment Committee;
8. Securities IPO Committee;
9. Identification Committee; and
10. Review Committee.

### Details of various committees

Our Company has *inter alia* constituted the following committees:

#### 1. Audit Committee

The Audit Committee of our Company was constituted on April 29, 2014 pursuant to the provisions of the Companies Act and other applicable regulations. The Audit Committee was last reconstituted on March 15, 2016.

The committee currently comprises of 3 Directors.

The members of the Audit Committee as on date of this Prospectus are:

1. Mr. Anil Kothuri;
2. Mr. Sanjay Nathalal Shah and
3. Mr. Mitul Bhagvandas Shah

The terms of reference of the Audit Committee are as follows:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. To have discussion with the auditors including internal auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems;
3. Authority to investigate into any matter in relation to the items specified in this section or referred to it by the Board and for this purpose and shall have full access to information contained in the records of our Company and external professional advice, if necessary;
4. Reviewing, with the management, if required, the annual financial statements before submission to the Board for approval;
5. The recommendation for appointment, remuneration and terms of appointment of auditors of our Company;
6. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
7. Examination of the financial statement and the auditors' report thereon;
8. Approval or any subsequent modification of transactions of our Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of our Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Monitoring the end use of funds raised through public offers and related matters;
13. To review the functioning of the vigil mechanism;
14. to ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFCs; and
15. any other terms of reference as may be specified by the Board from time to time.

## **2. Risk Management Committee**

The Risk Management Committee of our Company was constituted on July 18, 2014. The Committee was last reconstituted on January 13, 2016.

The members of the Risk Management Committee as on date of this Prospectus are:

1. Mr. Anil Kothuri;
2. Mr. Krishnaswamy Siddharth;
3. Ms. Shalinee Mimani;
4. Mr. Vineet Mahajan;

5. Mr. Arun Kumar Nayyar;
6. Mr. Karthik Balasubramanian; and
7. Mr. Sachin Bawari.

The terms of reference of the Risk Management Committee are as follows:

1. Identifying, measuring and monitoring the various risks faced by our Company;
2. Mitigating various risks associated with functioning of our Company through integrated risk management systems, strategies and mechanisms;
3. To deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process;
4. Developing the policies and verifying the models that are used for risk measurement from time to time; and
5. To ensure the risk management policy and the other policies including know your customer & anti money laundering policy (KYC Policy) are properly implemented and followed.

### **3. Asset Liability Management Committee**

The Asset Liability Management Committee of our Company was constituted on July 18, 2014. The Committee was last reconstituted on January 13, 2016.

The members of the Asset Liability Management Committee as on date of this Prospectus are:

1. Mr. Anil Kothuri;
2. Mr. Krishnaswamy Siddharth;
3. Mr. Arun Nayyar;
4. Mr. Vineet Mahajan;
5. Ms. Shalinee Mimani;
6. Mr. Vikas Mohan Srivastava;
7. Mr. Karthik Balasubramanian;
8. Mr. Sanjay Mishra;
9. Mr. Sachin Bawari; and
10. Ms. Sudipta Majumdar.

The terms of reference of the Asset Liability Management Committee, *inter alia*, include:

- (i) Liquidity risk management;
- (ii) Management of market risks;
- (iii) Funding and capital planning;
- (iv) Profit planning and growth projection;
- (v) Forecasting and analysing 'what if scenario' and preparation of contingency plans; and
- (vi) Monitor and review of risk management policy of our Company from time to time.

### **4. Nomination and Remuneration Committee**

The Nomination Committee of our Company was constituted on January 23, 2015. The Nomination Committee was renamed as Nomination and Remuneration Committee on January 23, 2015. The

Nomination and Remuneration Committee was last reconstituted on March 15, 2016.

The members of the Nomination and Remuneration Committee as on date of this Prospectus are:

1. Mr. Sanjay Nathalal Shah;
2. Mr. Mitul Bhagvandas Shah; and
3. Mr. Krishnaswamy Siddharth.

The terms of reference of the Nomination and Remuneration Committee, are as follows:

1. to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down or as defined under the policy and / or job description proposed by the human resources;
2. to recommend the Board of Directors, the appointment & removal of Directors of our Company;
3. to carry out evaluation of every Director's performance;
4. to formulate the criteria for determining qualifications, positive attributes and independence of a Director;
5. to recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees of our Company;
6. to review the remuneration policy for Directors and KMPs and/ or any other policies/manuals as may be framed under the Companies Act from time to time;
7. to ensure 'fit and proper' status of proposed and existing directors; and
8. such other functions as may be prescribed by the Board from time to time.

#### **5. Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of our Company was constituted on March 15, 2016.

The members of the Corporate Social Responsibility Committee as on date of this Prospectus are:

1. Mr. Anil Kothuri;
2. Mr. Krishnaswamy Siddharth; and
3. Mr. Sanjay Nathalal Shah.

The terms of reference of the Corporate Social Responsibility Committee, *inter alia*, are as follows:

1. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by our Company for CSR;
2. Recommend the amount of expenditure to be incurred on the CSR activities; and
3. Monitor the CSR policy of our Company from time to time.

#### **6. Operations Committee**

The Operations Committee of our Company was constituted on August 19, 2015 and came into effect from September 01, 2015. The Operations Committee was reconstituted last on January 13, 2016.

The members of the Operations Committee as on date of this Prospectus are:

1. Mr. Anil Kothuri;
2. Mr. Krishnaswamy Siddharth; and



3. Ms. Shalinee Mimani.

Terms of reference:

- (i) To authorise the executives of our Company / holding company / group company to open, operate and close bank accounts, demat accounts and constituent subsidiary general ledger account in the name of our Company;
- (ii) Addition / substitution / withdrawal of the signatories from time to time to operate the bank accounts, demat accounts and constituent subsidiary general ledger account, necessitated on account of change in, relocation or separation of employees;
- (iii) To avail various value added services from the banks for operation of account(s) held with banks including but not limited to cash management services, internet banking, operation of the accounts by fax or such other mode as may be feasible from time to time;
- (iv) To avail guarantee from the holding company and / or other group company(ies) in connection with a loan, financial assistance, etc availed by our Company from banks, financial institutions, non-banking financial companies, other body corporates, etc;
- (v) To avail security from the holding company and / or other group company(ies) to be provided as collateral/security in connection with a loan, financial assistance, etc availed by our Company from banks, financial institutions, non-banking financial companies, other body corporates, etc;
- (vi) Purchase of / acquisition on lease vehicles to meet the conveyance requirements of employees subject to a maximum limit of ₹ 50,000,000/- (Rupees fifty million) per annum in the aggregate;
- (vii) Negotiating and acquiring on lease / license or otherwise office space to cater to our Company's business purposes;
- (viii) Obtaining of registration under professional tax laws, VAT tax laws, service tax, income tax, shops and establishment act and other regulatory framework, as may be required from time to time and to authorize executives of our Company to give effect to this matter;
- (ix) To authorize / alter signatories for various operational purposes including signing of various agreements, complaints, notices, applications, documents, submissions, instructions, etc.
- (x) To authorize the executives to perform various acts under the loan agreements or documents, power of attorney(s) executed by the borrowers in favor of our Company, to open and operate bank and demat accounts on behalf of the borrower and generally act under said power of attorney(s);
- (xi) To authorize the executives to sign the vakalatnamas, complaints, applications, replies, written statements, affidavits and other paper/documents in the legal proceedings, appeals etc filed by our Company or against our Company and to appear before the court, tribunal and other judicial/quasi judicial bodies, local authority and other government authorities;
- (xii) Transferring of financial assets (loans and advances and portfolio thereof) to asset reconstruction company, securitization company, other non-banking financial companies / banks / financial institutions and securitization of standard financial assets and to do all necessary acts for this purpose;
- (xiii) To approve buying/purchasing of financial assets from other banks /financial institutions /non-banking financial companies etc.;
- (xiv) Any other operational matter in the normal course of business that may arise and cannot be deferred until the next board meeting, so long as it does not result in a monetary outgo in excess of ₹ 20,000,000/- (Rupees twenty million);
- (xv) Power to affix the common seal of our Company on agreements, deeds, power of attorney or any other document that are executed by and on behalf of our Company and to authorize such other person(s) in

whose presence the common seal of our Company be affixed;

- (xvi) Allotment of securities.
- (xvii) To authorize the executives of our Company from time to time to act as a representative of our Company in respect of the investments in shares, securities, debentures, etc held in the name of our Company and to do the following:-
  - (a) To attend the general meetings & meetings of the creditors of the investee companies;
  - (b) To sign the proxy form;
  - (c) To sign postal ballot form;
  - (d) To sign shorter consent notice;
  - (e) To sign consent for dispensation from holding meeting in case of merger and amalgamation and other documents; and
  - (f) To exchange correspondence & communication with the investee companies.
- (xviii) Approving the request of transfer of shares of our Company;
- (xix) Approving the request for issue of duplicate share certificate, split share certificates, etc;
- (xx) To appoint DSAs for sourcing the business, fix criteria for selecting DSA, adopt code of conduct for DSAs and lay down guidelines for outsourcing;
- (xxi) Restructure the existing loans, approve one time settlements and delegate some of these powers to the executives of our Company within the limits, as may be deemed appropriate;
- (xxii) Write-off of unrecoverable dues from book and closure of the cases subject to the aggregate limit of ₹ 50,000,000/- (Rupees fifty million) per annum and the said write-off be reported to the Audit Committee;
- (xxiii) Waiver of default interest, expenses and other charges aggregating to ₹ 50,000,000/- (Rupees fifty million) per annum and to sub-delegate the power of such waiver to the executives of our Company within the limits, as may be deemed appropriate by the Operations Committee;
- (xxiv) To extend loans to the employees of our Company / group company (ies) whether secured or unsecured for various purposes aggregating ₹ 50,000,000 (Rupees fifty million) in a financial year;
- (xxv) To approve credit/lending limits and deviation matrix, various internal guidelines, policies and processes;
- (xxvi) To grant permission and authorise incorporation of companies as subsidiaries of our Company;
- (xxvii) To approve credit/lending limits and deviation matrix, various internal guidelines, policy and process;
- (xxviii) To grant permission and authorise incorporation of companies as subsidiaries of our Company; and
- (xxix) Any other matter specifically delegated by the Board from time to time.

\*Board of Directors in the Board Meeting held on November 8, 2016 further delegated the following matter:-

“Operations Committee be and is hereby authorised to finalize, accept and approve the terms and conditions of purchase of home loan/non-home loan portfolio from banks/financial institutions/housing finance companies/non banking financial companies and to authorise officers/employees of the Company to execute necessary papers, documents and take such necessary steps and to do all such acts, deeds, matters and things, as may be necessary in this regard.”

## **7. Investment Committee**

The Investment Committee of our Company was constituted on January 23, 2015.

The members of the Committee as on date of this Prospectus are:

1. Mr Anil Kothuri;
2. Mr. Krishnaswamy Siddharth;
3. Mr. Vineet Mahajan; and
4. Mr. Arun Nayyar.

Terms of reference

To implement the investment policy of our Company, the Board has constituted the Investment Committee. The Committee may meet at such places and at such interval, as it may in its absolute discretion deem fit and that the presence of at least two members of the Committee are required to validate the proceedings of the meetings. It is responsible for approving investments in line with limits as set out by the Board. The investment function is carried out primarily to support the core business of retail finance to ensure adequate levels of liquidity and to maintain investment in approved securities as per the norms of RBI.

## **8. Securities IPO Committee**

The Securities IPO Committee of our Company was constituted on January 22, 2018 pursuant to applicable provisions of the Companies Act, 2013 and other applicable regulations.

The members of the Securities IPO Committee as on date of this Prospectus are:

1. Mr. Anil Kothuri;
2. Mr. K Siddharth;
3. Ms. Shalinee Mimani; and
4. Mr Vineet Mahajan.

The terms of reference of the Securities IPO Committee are as follows:

- (i) to decide on the timing, size, pricing and the terms and conditions of the Public Issue;
- (ii) to appoint Book Running Lead Managers (BRLMs), Underwriters, Brokers, Credit Rating Agencies, Debenture Trustees, Registrar and Transfer Agent, Legal Advisors and any other agencies or persons or intermediaries and to negotiate and finalise the terms of their appointment, to change and/or substitute any one or more of the aforesaid persons, execute the Mandate Letter, the Memorandum of Understanding, Agreements and other documents with aforesaid agencies/intermediaries, etc;
- (iii) to approve the Draft Prospectus, Prospectus, make changes as may be required and to approve all other matters relating to the issue, to approve notices, advertisement, corrigendum (if required) and do all such acts, deeds, matters, and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitations, the utilization of the issue proceeds;
- (iv) to finalise and settle and to execute and deliver or arrange the delivery of the Draft Prospectus and the Prospectus with the Stock Exchange(s), SEBI, RoC and any other appropriate authorities, to finalise the Debenture Trustee Agreement, Debenture Trust Deed, Deed of Hypothecation, Syndicate Agreement, Underwriting Agreement, Escrow Agreement and any other agreements, if any, and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Issue;
- (v) to authorise persons to do all the such acts, deeds as may be necessary including the power to sign, execute documents and appear before appropriate authorities;
- (vi) to approve the Re-formatted Financial Information of our Company for the purpose of incorporating in the Draft Prospectus and Prospectus;

- (vii) to open and operate bank accounts to be opened in connection with the Public Issue and to authorise persons to operate such accounts;
- (viii) to authorise and approve the payment of fees to intermediaries, agencies, and other related expenditure in connection with the Issue;
- (ix) to do all such acts, deeds and things as may be required to dematerialise the Debentures of our Company and to sign agreements and/or such other documents as may be required with NSDL, CDSL and such other agencies, authorities or bodies as may be required in this connection;
- (x) to decide on the stock exchange(s) where the Debentures will be listed, to decide the designated stock exchange, to execute and to file the Draft Prospectus and Prospectus, other related documents with Stock Exchange(s), SEBI or any other appropriate authority and to accept changes as may be suggested by such authorities;
- (xi) to create to create such mortgages, charges, hypothecation or encumbrances on all or any part of the immovable or movable properties, current or fixed assets, tangible or intangible assets, book debts and/or claims of our Company wherever so situated, present and future, such charge to rank pari-passu in favour of such debenture holders/secured lenders of our Company, as may be required from time to time, in accordance with the terms of the instrument offered to such debenture holders/secured lenders, to secure all amounts borrowed from them along with interest, cost, charges and other incidental expenses and to register all security documents with the required authority(ies) and make all necessary filings, and reportings for the perfection of such security in connection with the NCDs to be offered, issued and allotted pursuant to the public Issue;
- (xii) to authorise severally or jointly any Director of our Company, chief executive officer, chief financial officer, our company secretary, executives of our Company or any other person to sign and execute the Debenture Trustee Agreement, Debenture Trust Deed, Deed of Hypothecation, Escrow Agreement and any other agreements, deeds, documents and other necessary papers to be executed with aforesaid agencies, parties, etc for and on behalf of our Company and with authority to vary, amend or modify the same as such authorised person may consider necessary, desirable or expedient in the interest of our Company and for the aforesaid purpose, to give such declarations, affidavits, certificates, etc as such authorised person deem fit and to do all acts, deeds, matters and things, as may be necessary;
- (xiii) to issue debenture certificate(s), credit the Debentures to the beneficiary accounts;
- (xiv) to do all such acts, deeds, matters and things and execute all such other documents, etc as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalising the basis of allocation, allotment of the Debentures to the successful allottees;
- (xv) to settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit;
- (xvi) to delegate all or any of the powers herein conferred on it in such manner and on such persons as may be deemed fit, including the power to finalise the basis of allotment in the event of over-subscription and acceptance and appropriation of the proceeds of the Debentures; and
- (xvii) to affix the common seal of our Company, if required on any agreement, undertaking, deed or other document, be affixed in the presence of anyone or more of the directors of our Company or more of the officers of our Company as may be authorised by the Board in this regard, accordance with the Articles of Association of our Company.

## 9. Identification Committee

The Identification Committee of our Company was constituted on August 6, 2016.

The members of the Committee as on date of this Prospectus are:

1. Mr. Krishnaswamy Siddharth;
2. Ms. Shalinee Mimani; and
3. Mr. Sachin Bawari.

Terms of reference:

- (i) to classify the borrower as non-cooperative borrower as prescribed in the guidelines to examine the evidence of a willful default as prescribed in the guidelines;
- (ii) to issue a show cause notice to concerned borrower and call for their submission; and
- (iii) to issue an order recording the fact of non co-operative borrower and reason for the same.

#### **10. Review Committee**

The Review Committee of our Company was constituted on August 6, 2016.

The members of the Committee as on date of this Prospectus are:

1. Mr. Arun Kumar Nayyar;
2. Mr. Mitul Bhagvandas Shah; and
3. Mr. Sanjay Nathalal Shah.

Terms of reference:

To review the order of the Identification Committee and pass the final order declaring borrower as wilful defaulter.

## OUR PROMOTERS

### Profile of our Promoters

#### I. Edelcap Securities Limited:

The corporate identification number of Edelcap Securities is U67120AP2008PLC057145. Edelcap Securities was incorporated on January 11, 2008 as a public limited company under the provisions of the Companies Act, 1956. Edelcap Securities received the certificate of commencement of business on January 24, 2008. The registered office of Edelcap Securities is situated at 2<sup>nd</sup> Floor, M. B. Towers, Plot No. 5, Road No. 2, Banjara Hills, Hyderabad-500 034, Telangana. Edelcap Securities is engaged in securities broking and trading business.

Edelcap Securities has obtained the below mentioned certificates from the Stock Exchanges:

| Sr No | Activity  | Registration No | Name of Stock Exchange                   | Date of Registration | Valid Till                             |
|-------|---|-----------------|--|----------------------|--|
| 1.    | Trading member of currency derivatives segment  | INE271318832    | BSE Limited                              | June 17, 2010        | Until suspended or cancelled           |
| 2.    | Authorised person of Edelweiss Securities Limited for capital market segment, derivatives segment             | AP171300383     | National Stock Exchange of India Limited | January 7, 2011      | Until suspended or cancelled           |
| 3.    | Authorised person of Edelweiss Securities Limited for capital market segment and currency derivatives segment | AP0101210103405 | BSE Limited                              | January 11, 2011     | Until suspended or cancelled           |
| 4.    | Admission to trading membership   | INE271318832    | National Stock Exchange of India Limited | June 22, 2015        | Until any further changes made by SEBI |
| 5.    | Trading member of currency derivatives segment  | TM - 4079       | BSE Limited                              | June 23, 2016        | -                                      |

#### Board of Directors of Edelcap Securities Limited:

| Sr. No. | Name of Director          | Designation          |
|---------|---------------------------|----------------------|
| 1.      | Mr Kaushik Hirji Karani   | Director             |
| 2.      | Mr Ravindra Ankam         | Independent Director |
| 3.      | Ms Puja D'souza           | Director             |
| 4.      | Mr Ketan Chandrakant Shah | Independent Director |
| 5.      | Mr Ashish Gupta           | Director             |

#### II. Edelweiss Financial Services Limited:

EFSL, was incorporated on November 21, 1995 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Capital Limited. Subsequently, EFSL received the certificate of commencement of business on January 16, 1996. Further, the name of EFSL was changed from Edelweiss Capital Limited to Edelweiss Financial Services Limited pursuant to fresh certificate of incorporation dated August 1, 2011 issued by the ROC, Maharashtra, Mumbai. The Registered Office of our Promoter is situated at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098. EFSL has obtained a certificate of permanent registration dated October 11, 2012 bearing Registration No. INM0000010650 issued by the Securities and

Exchange Board of India to carry on the activities as a Category I merchant banker. EFSL provides capital and management support to its subsidiaries. EFSL was listed in December 12, 2007 under the symbols NSE: EDELWEISS, BSE: 532922. EFSL through its subsidiaries is engaged in diversified businesses including credit, franchise & advisory and insurance business which are summarised below:

#### *Credit Business*

Credit business comprises of retail credit, corporate credit and distressed credit businesses and is conducted under NBFC and HFC licenses (collectively, “**Credit**” business).

- *Retail Credit* – retail mortgages, SME & business loans, loans against securities and agri and rural finance catering to a wide spectrum of high-net worth individuals (“**HNI**”) and affluent clientele, as well as lower income urban and rural customers (collectively, “**Retail Credit**” business).
- *Corporate Credit* – structured collateralized credit and wholesale mortgages focused largely on the real estate development sector (together, “**Corporate Credit**” business).
- *Distressed Credit* – resolution of distressed credit assets that is purchased from banks and other financial institutions (“**Distressed Credit**” business).

#### *Franchise & Advisory Business*

Franchise & advisory business comprises wealth management, asset management and capital markets businesses (collectively, “**Franchise & Advisory**” business). EFSL’s capital markets business is its oldest business segment, and benefits from strong client relationships and an established track record of equity and debt capital markets, as well as merger and acquisition advisory services.

#### *Wealth Management*

Wealth management business comprises wealth advisory services, broking services, margin funding and financial products distribution and advisory services for ultra-high net worth individuals (“**UHNI**”) and affluent clients (collectively, “**Wealth Management**” business).

#### *Asset Management*

Asset management business consists of three business verticals (collectively, “**Asset Management**” business):

- *Alternative Asset Management* – an illiquid alternative assets business focused on offshore and onshore institutional investors and UHNI offering a special opportunities fund, special assets fund, credit opportunity fund, real estate funds and a stressed assets fund.
- *Retail Asset Management* – managing equity and debt funds.
- *Multi-Strategy Funds* – HNI-focused funds that span illiquid as well as traditional asset segments.

#### *Insurance*

EFSL entered the life Insurance business in 2011 through a joint venture between EFSL and Tokio Marine Holdings Inc. Today Edelweiss Tokio Life Insurance (“**ETLI**”) leverages its physical and digital platforms to provide individual plans that offer term, education, endowment, critical illness and retirement coverage, as well as group protection plans for corporates and SMEs.

Edelweiss General Insurance Company Limited, a wholly owned subsidiary of EFSL has received final approval from IRDAI to start a general insurance business in India.

#### **Board of Directors of EFSL:**

| Sr. No. | Name of Director | Designation |
|---------|------------------|-------------|
|---------|------------------|-------------|

|     |                            |  |
|-----|----------------------------|--|
| 1.  | Mr. Rashesh Shah           | Chairman, Managing Director and CEO    |
| 2.  | Mr. Venkatchalam Ramaswamy | Executive Director                     |
| 3.  | Mr. Himanshu Kaji          | Executive Director                     |
| 4.  | Mr. Rujan Panjwani         | Executive Director                     |
| 5.  | Ms. Vidya Shah             | Non-Executive Non-Independent Director |
| 6.  | Mr. Berjis Desai           | Independent Director                   |
| 7.  | Mr. Biswamohan Mahapatra   | Independent Director                   |
| 8.  | Mr. Kunnasagaran Chinniah  | Independent Director                   |
| 9.  | Mr. Navtej S. Nandra       | Independent Director                   |
| 10. | Mr. P. N. Venkatachalam    | Independent Director                   |
| 11. | Mr. Sanjiv Misra           | Independent Director                   |

### III. Edelweiss Finvest Private Limited:

EFPL was incorporated on August 23, 2006 as a private limited company under the name and style of Arum Investments Private Limited. EFPL is a non-banking financial company registered with the RBI. EFPL is primarily engaged in the business of credit and investments. EFPL is a subsidiary of ECap Equities Limited.

EFPL offers the following loan products:

1. Loan against securities;
2. Loan against immovable property;
3. Loan against assets; and
4. Term loan.

#### Board of Directors of Edelweiss Finvest Private Limited:

| Sr. No. | Name of Director     | Designation          |
|---------|----------------------|----------------------|
| 1.      | Ms Puja D'souza      | Director             |
| 2.      | Mr Kulbir Singh Rana | Director             |
| 3.      | Mr Hari Ram Mishra   | Director             |
| 4.      | Mr Sanjay Shah       | Independent Director |
| 5.      | Mr Ravindra Ankam    | Independent Director |

#### Interest of our Promoters in our Company

Except as stated under the chapter titled "*Financial Statements*" beginning on page 153 of this Prospectus and to the extent of their shareholding in our Company, our Promoters do not have any other interest in our Company's business. Further, our Promoters have no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Further as on December 31, 2017, our Company, has no outstanding bank facility which has been guaranteed by our Promoters.

Our Promoters do not intend to subscribe to this Issue.

#### Other Confirmations

Our Promoters have confirmed that they have not been identified as wilful defaulters by the RBI or any government authority nor is it in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months.

There were no instances of non-compliance by Edelcap Securities Limited and Edelweiss Finvest Private Limited on any matter related to the capital markets, resulting in disciplinary action against our Company by the Stock Exchanges or SEBI or any other statutory authority. For Edelweiss Financial Services Limited please refer to the section titled "*Outstanding Litigation and Defaults*" at page 179 of the Prospectus.



Our Promoters have not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchanges in India or abroad.

**Our Promoters' shareholding in our Company as on date of this Prospectus:**

| Sr. No.      | Name of Promoter                     | Total number of Equity Shares | Number of shares held in dematerialized Form | Total shareholding as a % of total number of Equity Shares | Shares pledged or otherwise encumbered | % of Equity Shares pledged with respect to Equity Shares owned |
|--------------|--------------------------------------|-------------------------------|--|--|--|--|
| 1.           | Edelcap Securities Limited           | 30,258,333                    | NIL  | 70.45  | NIL                                    | NIL  |
| 2.           | Edelweiss Financial Services Limited | 9,691,667                     | NIL  | 22.57  | NIL                                    | NIL  |
| 3.           | Edelweiss Finvest Private Limited    | 3,000,000                     | NIL  | 6.98   | NIL                                    | NIL  |
| <b>Total</b> |                                      | <b>42,950,000</b>             |  | <b>100.00</b>  |  |  |

Please refer to the chapter titled “*Capital Structure*” beginning on page 55 of this Prospectus, with respect to the details pertaining to allotment of Equity Shares to our Promoters during the last three financial years.

**Shareholding pattern of our Promoters as on December 31, 2017:**

**I. Edelcap Securities Limited:**

The following is the shareholding pattern of Edelcap Securities as on December 31, 2017:

| Sr.No.  | Name of Shareholder          | No. of shares      | % of Holding | Extent of Voting Control (%) |
|---|------------------------------|--------------------|--------------|------------------------------|
| <b>EQUITY SHARES</b>  |                              |                    |              |                              |
| 1.  | ECap Equities Limited*       | 3,00,000           | 100          | 100                          |
| <b>Total</b>  |                              | <b>3,00,000</b>    | <b>100</b>   | <b>100</b>                   |
| <b>7% NON-CUMULATIVE, NON-CONVERTIBLE, REDEEMABLE PREFERENCE SHARES</b> |                              |                    |              |                              |
| 1.  | Edelweiss Securities Limited | 225,00,000         | 46.27        | 46.27                        |
| 2.  | ECap Equities Limited        | 2,61,20,000        | 53.72        | 53.72                        |
| 3.  | Edelweiss Broking Limited    | 5,000              | 0.01         | 0.01                         |
| <b>Total</b>  |                              | <b>4,86,25,000</b> | <b>100</b>   | <b>100</b>                   |

\*including 6 shares held by Nominees of ECap Equities Limited: (i) Mr. Dipakkumar K. Shah; (ii) Mr. B. Renganathan; (iii) Mr. Tarun Khurana; (iv) Mr. Vinit Agrawal (v) Mr. Ashish Bansal; and (vi) Ms Pooja Doshi.

## II. Edelweiss Financial Services Limited:

### Shareholding pattern as on December 31, 2017

Table I - Summary Statement holding of specified securities

| Category | Category of shareholder       | Number of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities |             |              | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares |         | Number of Shares pledged or otherwise encumbered |                       | Number of equity shares held in dematerialised form |                                |
|----------|-------------------------------|------------------------|---|--|--|------------------------|---|--|-------------|--------------|--|--|----------------------------|---------|--|-----------------------|---|--------------------------------|
|          |                               |                        |   |  |  |                        |   | No of Voting Rights                                      |             |              |  |  | Total as a % of (A+B+C)    | No. (a) | As a % of total Shares held(b)                   | No. (a)               |   | As a % of total Shares held(b) |
|          |                               |                        |   |  |  |                        |   | Class eg: Equity Shares                                  | Class eg: y | Total        |  |  |                            |         |  |                       |   |                                |
|          |                               |                        |   |  |  |                        |   | (I)  | (II)        | (III)        |  |  | (IV)                       | (V)     | (VI)   | (VII) = (IV)+(V)+(VI) |   | (VIII) As a % of (A+B+C2)      |
| (A)      | Promoter & Promoter Group     | 11                     | 30,73,85,690                            | -  | -  | 30,73,85,690           | 33.7260%  | 30,73,85,690   | -           | 30,73,85,690 | 33.7260%   | -  | 33.7260%                   | -       | -  | 6,84,33,000           | 22.2629%  | 30,73,85,690                   |
| (B)      | Public                        | 1,43,512               | 55,91,37,232                            | -  | -  | 55,91,37,232           | 61.3479%  | 55,91,37,232   | -           | 55,91,37,232 | 61.3479%   | -  | 61.3479%                   | -       | -  | -                     | -   | 55,82,42,737                   |
| (C)      | Non Promoter - Non Public     | 2                      | 4,48,96,780                             | -  | -  | 4,48,96,780            | 4.9260%   | 4,48,96,780  | -           | 4,48,96,780  | 4.9260%  | -  | 4.9260%                    | -       | -  | -                     | -   | 4,48,96,780                    |
| (C1)     | Shares Underlying DRs         | -                      | -                                       | -  | -  | -                      | -   | -  | -           | -            | -  | -  | -                          | -       | -  | -                     | -   | -                              |
| (C2)     | Shares Held By Employee Trust | 2                      | 4,48,96,780                             | -  | -  | 4,48,96,780            | 4.9260%   | 4,48,96,780  | -           | 4,48,96,780  | 4.9260%  | -  | 4.9260%                    | -       | -  | -                     | -   | 4,48,96,780                    |
|          | Total                         | 1,43,525               | 91,14,19,702                            | -  | -  | 91,14,19,702           | 100.0000%   | 91,14,19,702   | -           | 91,14,19,702 | 100.0000%  | -  | 100.0000%                  | -       | -  | 6,84,33,000           | 7.5084%   | 91,05,25,207                   |

| Category | Category & Name of the shareholders   | PAN        | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities |             |              | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Shares pledged or otherwise encumbered |             | Number of equity shares held in dematerialised form |                                |
|----------|---------------------------------------|------------|----------------------|---|--|--|------------------------|---|--|-------------|--------------|--|--|--|-------------|---|--------------------------------|
|          |                                       |            |                      |   |  |  |                        |   | No of Voting Rights                                      |             |              |  |  | Total as a % of Total Voting rights              | No. (a)     |   | As a % of total Shares held(b) |
|          |                                       |            |                      |   |  |  |                        |   | Class eg: Equity Shares                                  | Class eg: y | Total        |  |  |  |             |   |                                |
|          |                                       |            |                      |   |  |  |                        |   | (I)  | (II)        | (III)        |  |  | (IV)   | (V)         |   | (VI)                           |
| 1        | Indian                                |            |                      |   |  |  |                        |   |  |             |              |  |  |  |             |   |                                |
| (a)      | Individuals / Hindu Undivided Family  |            | 8                    | 26,44,35,690                            | -  | -  | 26,44,35,690           | 29.0136%  | 26,44,35,690   | -           | 26,44,35,690 | 29.0136%   | -  | 29.0136%   | 6,52,33,000 | 24.6688   | 26,44,35,690                   |
|          | Rashesh Chandrakant Shah              | AAGPS5933G |                      | 14,53,01,730                            | -  | -  | 14,53,01,730           | 15.9424%  | 14,53,01,730   | -           | 14,53,01,730 | 15.9424%   | -  | 15.9424%   | 2,50,00,000 | 17.2056   | 14,53,01,730                   |
|          | Venkat Ramaswamy                      | AADPR1740H |                      | 5,80,26,560                             | -  | -  | 5,80,26,560            | 6.3666%   | 5,80,26,560  | -           | 5,80,26,560  | 6.3666%  | -  | 6.3666%  | 2,70,00,000 | 46.5304   | 5,80,26,560                    |
|          | Vidya Rashesh Shah                    | AMEPS3037M |                      | 3,50,31,200                             | -  | -  | 3,50,31,200            | 3.8436%   | 3,50,31,200  | -           | 3,50,31,200  | 3.8436%  | -  | 3.8436%  | 1,06,83,000 | 30.4957   | 3,50,31,200                    |
|          | Aparna T C .                          | AEUPC2507C |                      | 1,22,10,000                             | -  | -  | 1,22,10,000            | 1.3397%   | 1,22,10,000  | -           | 1,22,10,000  | 1.3397%  | -  | 1.3397%  | 25,00,000   | 20.4750   | 1,22,10,000                    |
|          | Kaavya Arakoni Venkat                 | AOJPA3266M |                      | 1,17,90,000                             | -  | -  | 1,17,90,000            | 1.2936%   | 1,17,90,000  | -           | 1,17,90,000  | 1.2936%  | -  | 1.2936%  | -           | -   | 1,17,90,000                    |
|          | Sneha Sripad Desai                    | AJEPD1297P |                      | 10,25,000                               | -  | -  | 10,25,000              | 0.1125%   | 10,25,000  | -           | 10,25,000    | 0.1125%  | -  | 0.1125%  | -           | -   | 10,25,000                      |
|          | Shilpa Urvish Mody                    | AAHPM5200B |                      | 10,01,200                               | -  | -  | 10,01,200              | 0.1099%   | 10,01,200  | -           | 10,01,200    | 0.1099%  | -  | 0.1099%  | -           | -   | 10,01,200                      |
|          | Arakoni Venkatachalam Ramaswamy       | AALPR4970P |                      | 50,000                                  | -  | -  | 50,000                 | 0.0055%   | 50,000   | -           | 50,000       | 0.0055%  | -  | 0.0055%  | 50,000      | 100.0000  | 50,000                         |
| (b)      | Central Government / State Government |            | -                    | -                                       | -  | -  | -                      | -   | -  | -           | -            | -  | -  | -  | -           | -   | -                              |

|     |   |    |              |             |   |              |             |              |             |              |             |         |          |             |           |              |             |
|-----|---|----|--------------|-------------|---|--------------|-------------|--------------|-------------|--------------|-------------|---------|----------|-------------|-----------|--------------|-------------|
|     | s)  |    |              |             |   |              |             |              |             |              |             |         |          |             |           |              |             |
| (c) | Financial Institutions / Banks                                      | -  | -            | -           | - | -            | -           | -            | -           | -            | -           | -       | -        | -           | -         | -            |             |
| (d) | Any Other (Specify)   | 2  | 4,19,50,000  | -           | - | 4,19,50,000  | 4.6027%     | 4,19,50,000  | -           | 4,19,50,000  | 4.6027%     | -       | 4.6027%  | 32,00,000   | 7.6281    | 4,19,50,000  |             |
|     | Bodies Corporate/Trust  | 2  | 4,19,50,000  | -           | - | 4,19,50,000  | 4.6027%     | 4,19,50,000  | -           | 4,19,50,000  | 4.6027%     | -       | 4.6027%  | 32,00,000   | 7.6281    | 4,19,50,000  |             |
|     | M/s. Shah Family Discretionary Trust                                |    | AASTS64 13P  | 3,87,50,000 | - | -            | 3,87,50,000 | 4.2516%      | 3,87,50,000 | -            | 3,87,50,000 | 4.2516% | -        | 4.2516%     | -         | -            | 3,87,50,000 |
|     | Spire Investment Advisors Llp                                       |    | ABWFS72 86H  | 32,00,000   | - | -            | 32,00,000   | 0.3511%      | 32,00,000   | -            | 32,00,000   | 0.3511% | -        | 0.3511%     | 32,00,000 | 100.0000     | 32,00,000   |
|     | Sub Total (A)(1)  | 10 | 30,63,85,690 | -           | - | 30,63,85,690 | 33.6163%    | 30,63,85,690 | -           | 30,63,85,690 | 33.6163%    | -       | 33.6163% | 6,84,33,000 | 22.3356   | 30,63,85,690 |             |
| 2   | Foreign   |    |              |             |   |              |             |              |             |              |             |         |          |             |           |              |             |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals)        | 1  | 10,00,000    | -           | - | 10,00,000    | 0.1097%     | 10,00,000    | -           | 10,00,000    | 0.1097%     | -       | 0.1097%  | -           | -         | 10,00,000    |             |
|     | Sejal Premal Parekh   |    | AOJPP352 8H  | 10,00,000   | - | -            | 10,00,000   | 0.1097%      | 10,00,000   | -            | 10,00,000   | 0.1097% | -        | 0.1097%     | -         | -            | 10,00,000   |
| (b) | Government  | -  | -            | -           | - | -            | -           | -            | -           | -            | -           | -       | -        | -           | -         | -            |             |
| (c) | Institutions  | -  | -            | -           | - | -            | -           | -            | -           | -            | -           | -       | -        | -           | -         | -            |             |
| (d) | Foreign Portfolio Investor  | -  | -            | -           | - | -            | -           | -            | -           | -            | -           | -       | -        | -           | -         | -            |             |
| (e) | Any Other (Specify)   | -  | -            | -           | - | -            | -           | -            | -           | -            | -           | -       | -        | -           | -         | -            |             |
|     | Sub Total (A)(2)  | 1  | 10,00,000    | -           | - | 10,00,000    | 0.1097%     | 10,00,000    | -           | 10,00,000    | 0.1097%     | -       | 0.1097%  | -           | -         | 10,00,000    |             |
|     | Total Shareholding Of Promoter And Promoter Group (A)=(A)(1)+(A)(2) | 11 | 30,73,85,690 | -           | - | 30,73,85,690 | 33.7260%    | 30,73,85,690 | -           | 30,73,85,690 | 33.7260%    | -       | 33.7260% | 6,84,33,000 | 22.2629   | 30,73,85,690 |             |

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

- Note:
- (1) PAN would not be displayed on website of Stock Exchange(s)
  - (2) The term 'Encumbrance' has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**Table III - Statement showing shareholding pattern of the Public shareholder**

| Category | Category & Name of the shareholders                              | PAN         | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities |             |                         | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares |                                | Number of Shares pledged or otherwise encumbered |                                | Number of equity shares held in dematerialised form |                           |
|----------|--|-------------|----------------------|---|--|--|------------------------|--|--|-------------|-------------------------|--|--|----------------------------|--------------------------------|--|--------------------------------|---|---------------------------|
|          |  |             |                      |   |  |  |                        |  | No of Voting Rights                                      |             | Total as a % of (A+B+C) |  |  | No. (a)                    | As a % of total Shares held(b) | No. (a)  | As a % of total Shares held(b) |   |                           |
|          |  |             |                      |   |  |  |                        |  | Class eg: Equity Shares                                  | Class eg: y | Total                   |  |  |                            |                                |  |                                |   |                           |
|          |  |             |                      |   |  |  |                        |  | (I)  | (II)        | (III)                   |  |  | (IV)                       | (V)                            | (VI)   | (VII) = (IV)+(V)+(VI)          |   | (VIII) As a % of (A+B+C2) |
| 1        | Institutions   |             |                      |   |  |  |                        |  |  |             |                         |  |  |                            |                                |  |                                |   |                           |
| (a)      | Mutual Fund  |             | 12                   | 3,82,17,196                             | -  | -  | 3,82,17,196            | 4.1932%  | 3,82,17,196  | -           | 3,82,17,196             | 4.1932%  | -  | 4.1932%                    | -                              | -  | -                              | -   | 3,82,17,196               |
|          | HDFC Trustee Company Ltd - A/C HDFC Mid - Cap opportunities Fund | AAAATH1809A |                      | 1,45,03,200                             |  |  | 1,45,03,200            | 1.5913%  | 1,45,03,200  | -           | 1,45,03,200             | 1.5913%  | -  | 1.5913%                    | -                              | -  | -                              | -   | 1,45,03,200               |
|          | DSP Blackrock Small And Mid Cap Fund                             | AAAJD0430B  |                      | 1,13,27,638                             |  |  | 1,13,27,638            | 1.2429%  | 1,13,27,638  | -           | 1,13,27,638             | 1.2429%  | -  | 1.2429%                    | -                              | -  | -                              | -   | 1,13,27,638               |
| (b)      | Venture Capital Funds  |             | -                    | -                                       | -  | -  | -                      | -  | -  | -           | -                       | -  | -  | -                          | -                              | -  | -                              | -   | -                         |
| (c)      | Alternate Investment Funds                                       |             | 2                    | 6,45,689                                | -  | -  | 6,45,689               | 0.0708%  | 6,45,689   | -           | 6,45,689                | 0.0708%  | -  | 0.0708%                    | -                              | -  | -                              | -   | 6,45,689                  |
| (d)      | Foreign Venture Capital Investors                                |             | -                    | -                                       | -  | -  | -                      | -  | -  | -           | -                       | -  | -  | -                          | -                              | -  | -                              | -   | -                         |
| (e)      | Foreign Portfolio Investor/Foreign Institutional Investors       |             | 236                  | 25,28,32,632                            | -  | -  | 25,28,32,632           | 27.7405%   | 25,28,32,632   | -           | 25,28,32,632            | 27.7405%   | -  | 27.7405%                   | -                              | -  | -                              | -   | 25,28,32,632              |
|          | BIH SA   | AADC9345B   |                      | 2,34,52,620                             | -  | -  | 2,34,52,620            | 2.5732%  | 2,34,52,620  | -           | 2,34,52,620             | 2.5732%  | -  | 2.5732%                    | -                              | -  | -                              | -   | 2,34,52,620               |
|          | C dpq Private Equity Asia Ii Pte. Ltd.                           | AAGCC6510Q  |                      | 1,40,00,000                             | -  | -  | 1,40,00,000            | 1.5361%  | 1,40,00,000  | -           | 1,40,00,000             | 1.5361%  | -  | 1.5361%                    | -                              | -  | -                              | -   | 1,40,00,000               |
|          | Baron Emerging Markets Fund                                      | AAECB4051F  |                      | 1,10,35,817                             | -  | -  | 1,10,35,817            | 1.2108%  | 1,10,35,817  | -           | 1,10,35,817             | 1.2108%  | -  | 1.2108%                    | -                              | -  | -                              | -   | 1,10,35,817               |
|          | Amansa Holdings Private  | AAKCA7237L  |                      | 1,10,00,000                             | -  | -  | 1,10,00,000            | 1.2069%  | 1,10,00,000  | -           | 1,10,00,000             | 1.2069%  | -  | 1.2069%                    | -                              | -  | -                              | -   | 1,10,00,000               |

| Category | Category & Name of the shareholders                                       | PAN        | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held    | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities |             |              | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares |         | Number of Shares pledged or otherwise encumbered |         | Number of equity shares held in dematerialised form |                                |
|----------|---|------------|----------------------|---|--|--|---------------------------|--|--|-------------|--------------|--|--|----------------------------|---------|--|---------|---|--------------------------------|
|          |   |            |                      |   |  |  |                           |  | No of Voting Rights                                      |             |              |  |  | Total as a % of (A+B+C)    | No. (a) | As a % of total Shares held(b)                   | No. (a) |   | As a % of total Shares held(b) |
|          |   |            |                      |   |  |  |                           |  | Class eg: Equity Shares                                  | Class eg: y | Total        |  |  |                            |         |  |         |   |                                |
| (I)      | (II)  | (III)      | (IV)                 | (V)                                     | (VI)                                     | (VII) = (IV)+(V)+(VI)                        | (VIII) As a % of (A+B+C2) | (IX)   |  |             | (X)          | (XI) = (VII)+(X) As a % of (A+B+C2)  | (XII)  | (XIII)                     | (XIV)   |  |         |   |                                |
|          | Limited   |            |                      |   |  |  |                           |  |  |             |              |  |  |                            |         |  |         |   |                                |
|          | Government Pension Fund Global  | AACCN1454E |                      | 1,09,50,296                             | -  | -  | 1,09,50,296               | 1.2015%  | 1,09,50,296  | -           | 1,09,50,296  | 1.2015%  | -  | 1.2015%                    | -       | -  | -       | -   | 1,09,50,296                    |
|          | Steadview Capital Mauritius Limited                                       | AAQCS1253G |                      | 1,05,38,642                             | -  | -  | 1,05,38,642               | 1.1563%  | 1,05,38,642  | -           | 1,05,38,642  | 1.1563%  | -  | 1.1563%                    | -       | -  | -       | -   | 1,05,38,642                    |
| (f)      | Financial Institutions / Banks  |            | 5                    | 8,10,632                                | -  | -  | 8,10,632                  | 0.0889%  | 8,10,632   | -           | 8,10,632     | 0.0889%  | -  | 0.0889%                    | -       | -  | -       | -   | 8,10,632                       |
| (g)      | Insurance Companies   |            | -                    | -                                       | -  | -  | -                         | -  | -  | -           | -            | -  | -  | -                          | -       | -  | -       | -   | -                              |
| (h)      | Provident Funds/ Pension Funds  |            | -                    | -                                       | -  | -  | -                         | -  | -  | -           | -            | -  | -  | -                          | -       | -  | -       | -   | -                              |
| (i)      | Any Other (Specify)   |            | -                    | -                                       | -  | -  | -                         | -  | -  | -           | -            | -  | -  | -                          | -       | -  | -       | -   | -                              |
|          | Sub Total (B)(1)  |            | 255                  | 29,25,06,149                            | -  | -  | 29,25,06,149              | 32.0935%   | 29,25,06,149   | -           | 29,25,06,149 | 32.0935%   | -  | 32.0935%                   | -       | -  | -       | -   | 29,25,06,149                   |
| 2        | Central Government/ State Government(s)/ President of India               |            | 1                    | 11,717                                  | -  | -  | 11,717                    | 0.0013%  | 11,717   | -           | 11,717       | 0.0013%  | -  | 0.0013%                    | -       | -  | -       | -   | 11,717                         |
|          | Sub Total (B)(2)  |            | 1                    | 11,717                                  | -  | -  | 11,717                    | 0.0013%  | 11,717   | -           | 11,717       | 0.0013%  | -  | 0.0013%                    | -       | -  | -       | -   | 11,717                         |
| 3        | Non-Institutions  |            |                      |   |  |  |                           | -  |  |             |              | -  |  |                            |         |  |         |   |                                |
| (a)      | Individuals   |            | 1,34,319             | 18,44,73,473                            | -  | -  | 18,44,73,473              | 20.24%   | 18,44,73,473   | -           | 18,44,73,473 | 20.24%   | -  | 20.24%                     | -       | -  | -       | -   | 18,42,89,978                   |
|          | i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs. |            | 1,34,225             | 6,24,80,232                             | -  | -  | 6,24,80,232               | 6.8553%  | 6,24,80,232  | -           | 6,24,80,232  | 6.8553%  | -  | 6.8553%                    | -       | -  | -       | -   | 6,22,96,737                    |
|          | ii. Individual  |            | 94                   | 12,19,93,241                            | -  | -  | 12,19,93,241              | 13.3850%   | 12,19,93,241   | -           | 12,19,93,241 | 13.3850%   | -  | 13.3850%                   | -       | -  | -       | -   | 12,19,93,241                   |

| Category | Category & Name of the shareholders                                | PAN        | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held    | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities |             |             | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares |         | Number of Shares pledged or otherwise encumbered |         | Number of equity shares held in dematerialised form |                                |
|----------|--|------------|----------------------|---|--|--|---------------------------|--|--|-------------|-------------|--|--|----------------------------|---------|--|---------|---|--------------------------------|
|          |  |            |                      |   |  |  |                           |  | No of Voting Rights                                      |             |             |  |  | Total as a % of (A+B+C)    | No. (a) | As a % of total Shares held(b)                   | No. (a) |   | As a % of total Shares held(b) |
|          |  |            |                      |   |  |  |                           |  | Class eg: Equity Shares                                  | Class eg: y | Total       |  |  |                            |         |  |         |   |                                |
| (I)      | (II)   | (III)      | (IV)                 | (V)                                     | (VI)                                     | (VII) = (IV)+(V)+(VI)                        | (VIII) As a % of (A+B+C2) | (IX)   |  |             | (X)         | (XI) = (VII)+(X) As a % of (A+B+C2)  | (XII)  | (XIII)                     | (XIV)   | (XV)   |         |   |                                |
|          | shareholders holding nominal share capital in excess of ₹ 2 lakhs. |            |                      |   |  |  |                           |  |  |             |             |  |  |                            |         |  |         |   |                                |
|          | Deepak Mittal  | AHRPM1419R |                      | 1,37,73,800                             | -  | -  | 1,37,73,800               | 1.5112%  | 1,37,73,800  | -           | 1,37,73,800 | 1.5112%  | -  | 1.5112%                    | -       | -  | -       | -   | 1,37,73,800                    |
|          | Priya C Khubchandani   | AKXPK6448F |                      | 1,04,88,310                             | -  | -  | 1,04,88,310               | 1.1508%  | 1,04,88,310  | -           | 1,04,88,310 | 1.1508%  | -  | 1.1508%                    | -       | -  | -       | -   | 1,04,88,310                    |
|          | Vikas Vijaykumar Khemani   | ADTPK8739J |                      | 1,04,14,612                             | -  | -  | 1,04,14,612               | 1.1427%  | 1,04,14,612  | -           | 1,04,14,612 | 1.1427%  | -  | 1.1427%                    | -       | -  | -       | -   | 1,04,14,612                    |
|          | Jhunjhunwala Rakesh Radheshyam                                     | ACPPJ9449M |                      | 1,00,00,000                             | -  | -  | 1,00,00,000               | 1.0972%  | 1,00,00,000  | -           | 1,00,00,000 | 1.0972%  | -  | 1.0972%                    | -       | -  | -       | -   | 1,00,00,000                    |
| (b)      | NBFCs registered with RBI  |            |                      | -                                       | -  | -  | -                         | -  | -  | -           | -           | -  | -  | -                          | -       | -  | -       | -   | -                              |
| (c)      | Employee Trusts  |            |                      | -                                       | -  | -  | -                         | -  | -  | -           | -           | -  | -  | -                          | -       | -  | -       | -   | -                              |
| (d)      | Overseas Depositories (holding DRs) (balancing figure)             |            |                      | -                                       | -  | -  | -                         | -  | -  | -           | -           | -  | -  | -                          | -       | -  | -       | -   | -                              |
| (e)      | Any Other (Specify)  |            | 8,937                | 8,21,45,893                             | -  | -  | 8,21,45,893               | 9.0130%  | 8,21,45,893  | -           | 8,21,45,893 | 9.0130%  | -  | 9.0130%                    | -       | -  | -       | -   | 8,14,34,893                    |
|          | Trusts   |            | 9                    | 1,61,441                                | -  | -  | 1,61,441                  | 0.0177%  | 1,61,441   | -           | 1,61,441    | 0.0177%  | -  | 0.0177%                    | -       | -  | -       | -   | 1,61,441                       |
|          | Foreign Nationals  |            | 3                    | 3,909                                   | -  | -  | 3,909                     | 0.0004%  | 3,909  | -           | 3,909       | 0.0004%  | -  | 0.0004%                    | -       | -  | -       | -   | 3,909                          |
|          | Hindu Undivided Family   |            | 5,613                | 33,96,535                               | -  | -  | 33,96,535                 | 0.3727%  | 33,96,535  | -           | 33,96,535   | 0.3727%  | -  | 0.3727%                    | -       | -  | -       | -   | 33,96,535                      |
|          | Foreign  |            | 4                    | 1,50,42,505                             | -  | -  | 1,50,42,505               | 1.6504%  | 1,50,42,505  | -           | 1,50,42,505 | 1.6504%  | -  | 1.6504%                    | -       | -  | -       | -   | 1,48,86,505                    |

| Category   | Category & Name of the shareholders | PAN      | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held    | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities |              |             | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares |         | Number of Shares pledged or otherwise encumbered |         | Number of equity shares held in dematerialised form |                                |
|--|-------------------------------------|----------|----------------------|---|--|--|---------------------------|--|--|--------------|-------------|--|--|----------------------------|---------|--|---------|---|--------------------------------|
|  |                                     |          |                      |   |  |  |                           |  | No of Voting Rights                                      |              |             |  |  | Total as a % of (A+B+C)    | No. (a) | As a % of total Shares held(b)                   | No. (a) |   | As a % of total Shares held(b) |
|  |                                     |          |                      |   |  |  |                           |  | Class eg: Equity Shares                                  | Class eg: y  | Total       |  |  |                            |         |  |         |   |                                |
| (I)  | (II)                                | (III)    | (IV)                 | (V)                                     | (VI)                                     | (VII) = (IV)+(V)+(VI)                        | (VIII) As a % of (A+B+C2) | (IX)   |  |              | (X)         | (XI) = (VII)+(X) As a % of (A+B+C2)  | (XII)  | (XIII)                     | (XIV)   |  |         |   |                                |
| Companies  |                                     |          |                      |   |  |  |                           |  |  |              |             |  |  |                            |         |  |         |   |                                |
| BIH SA   | AADCB9345B                          |          |                      | 1,40,43,180                             | -  | -  | 1,40,43,180               | 1.5408%  | 1,40,43,180  | -            | 1,40,43,180 | 1.5408%  | -  | 1.5408%                    | -       | -  | -       | -   | 1,40,43,180                    |
| Non Resident Indian (NRI)                          |                                     | 1989     | 76,76,839            | -                                       | -  | 76,76,839                                    | 0.84%                     | 76,76,839  | -  | 76,76,839    | 0.84%       | -  | 0.84%  | -                          | -       | -  | -       | -   | 71,21,839                      |
| Non Resident Indians (Non Repat)                   |                                     | 654      | 23,92,079            | -                                       | -  | 23,92,079                                    | 0.2625%                   | 23,92,079  | -  | 23,92,079    | 0.2625%     | -  | 0.2625%  | -                          | -       | -  | -       | -   | 23,92,079                      |
| Non Resident Indians (Repat)                       |                                     | 1,335    | 52,84,760            | -                                       | -  | 52,84,760                                    | 0.5798%                   | 52,84,760  | -  | 52,84,760    | 0.5798%     | -  | 0.5798%  | -                          | -       | -  | -       | -   | 47,29,760                      |
| Individuals / Hindu Undivided Family               |                                     |          |                      |   |  |  |                           |  |  |              |             |  |  |                            |         |  |         |   |                                |
| Clearing Member                                    |                                     | 351      | 45,62,806            | -                                       | -  | 45,62,806                                    | 0.5006%                   | 45,62,806  | -  | 45,62,806    | 0.5006%     | -  | 0.5006%  | -                          | -       | -  | -       | -   | 45,62,806                      |
| Bodies Corporate                                   |                                     | 962      | 2,72,53,798          | -                                       | -  | 2,72,53,798                                  | 2.9903%                   | 2,72,53,798  | -  | 2,72,53,798  | 2.9903%     | -  | 2.9903%  | -                          | -       | -  | -       | -   | 2,72,53,798                    |
| Directors  |                                     | 6        | 2,40,48,060          | -                                       | -  | 2,40,48,060                                  | 2.6385%                   | 2,40,48,060  | -  | 2,40,48,060  | 2.6385%     | -  | 2.6385%  | -                          | -       | -  | -       | -   | 2,40,48,060                    |
| Rujan Harchand Panjwani                            | AAYP4060H                           |          | 1,26,16,380          | -                                       | -  | 1,26,16,380                                  | 1.3843%                   | 1,26,16,380  | -  | 1,26,16,380  | 1.3843%     | -  | 1.3843%  | -                          | -       | -  | -       | -   | 1,26,16,380                    |
| Sub Total (B)(3)                                   |                                     | 1,43,256 | 26,66,19,366         | -                                       | -  | 26,66,19,366                                 | 29.2532%                  | 26,66,19,366   | -  | 26,66,19,366 | 29.2532%    | -  | 29.2532%   | -                          | -       | -  | -       | -   | 26,57,24,871                   |
| Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3) |                                     | 1,43,512 | 55,91,37,232         | -                                       | -  | 55,91,37,232                                 | 61.3479%                  | 55,91,37,232   | -  | 55,91,37,232 | 61.3467%    | -  | 61.3467%   | -                          | -       | -  | -       | -   | 55,82,42,737                   |

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Note

(1) PAN would not be displayed on website of Stock Exchange(s).

(2) The above format needs to be disclosed along with the name of following persons: Institutions/Non Institutions holding more than 1% of total number of shares

(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian.



Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

| Category | Category & Name of shareholders  | PAN         | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held    | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities |             |             | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares |         | Number of Shares pledged or otherwise encumbered |         | Number of equity shares held in dematerialised form |                                 |
|----------|--|-------------|----------------------|---|--|--|---------------------------|---|--|-------------|-------------|--|--|----------------------------|---------|--|---------|---|---------------------------------|
|          |  |             |                      |   |  |  |                           |   | No of Voting Rights                                      |             |             |  |  | Total as a % of (A+B+C)    | No. (a) | As a % of total Shares held (b)                  | No. (a) |   | As a % of total Shares held (b) |
|          |  |             |                      |   |  |  |                           |   | Class eg: Equity Shares                                  | Class eg: y | Total       |  |  |                            |         |  |         |   |                                 |
| (I)      | (II)   | (III)       | (IV)                 | (V)                                     | (VI)                                     | (VII) = (IV)+(V)+ (VI)                       | (VIII) As a % of (A+B+C2) | (IX)  |  |             | (X)         | (XI) = (VII)+(X) As a % of (A+B+C2)  | (XII)  | (XIII)                     | (XIV)   |  |         |   |                                 |
| 1        | Custodian/DR Holder  |             | -                    | -                                       | -  | -  | -                         | -   | -  | -           | -           | -  | -  | -                          | -       | -  | -       | -   |                                 |
| 2        | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) |             | 2                    | 4,48,96,780                             | -  | -  | 4,48,96,780               | 4.9260%   | 4,48,96,780  | -           | 4,48,96,780 | 4.9260%  | -  | 4.9260%                    | -       | -  | -       | -   | 4,48,96,780                     |
|          | Edelweiss Employees Welfare Trust  | AAATE 1688G |                      | 3,75,95,270                             | -  | -  | 3,75,95,270               | 4.1249%   | 3,75,95,270  | -           | 3,75,95,270 | 4.1249%  | -  | 4.1249%                    | -       | -  | -       | -   | 3,75,95,270                     |
|          | Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)                        |             | 2                    | 4,48,96,780                             | -  | -  | 4,48,96,780               | 4.9260%   | 4,48,96,780  | -           | 4,48,96,780 | 4.9260%  | -  | 4.9260%                    | -       | -  | -       | -   | 4,48,96,780                     |

Note:  
(1) PAN would not be displayed on website of Stock Exchange(s).  
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares  
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available

### III. Edelweiss Finvest Private Limited:

Shareholding pattern of EFPL as on December 31, 2017:

| Sr. No.      | Particulars                            | Total No. of Equity Shares | Total Shareholding as % of total no. of Equity Shares |
|--------------|--|----------------------------|---|
| 1.           | ECap Equities Limited                  | 1,30,46,175                | 57.30   |
| 2.           | Edelweiss Financial Services Limited   | 82,79,275                  | 36.37   |
| 3.           | Edelweiss Securities Ltd*              | 12,59,394                  | 5.54  |
| 4.           | Edelweiss Commodities Services Limited | 1,79,492                   | 0.79  |
| <b>Total</b> |  | <b>2,27,64,336</b>         | <b>100</b>  |

\*including 6 shares held by nominees of Edelweiss Securities Limited: (i) Mr. T K Ramaswamy; (ii) Mr. B. Renganathan; (iii) Mr. Tarun Khurana; (iv) Mr. Ganesh Umashankar; (v) Ms. Nidhi Parekh; and (vi) Ms Pooja Doshi.

### Compulsorily Convertible Non-cumulative Preference Shares “under Series C” (CCPS C)

| Sr. No.      | Particulars                            | Total No. of Equity Shares | Total Shareholding as % of total no. of Equity Shares |
|--------------|--|----------------------------|---|
| 1.           | Edelweiss Commodities Services Limited | 11,47,994                  | 10.87   |
| 2.           | ECap Equities Limited                  | 94,13,545                  | 89.13   |
| <b>Total</b> |  | <b>1,05,61,539</b>         | <b>100</b>  |

## SECTION V-FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

| <b>Sr. No.</b> | <b>Particulars</b>   | <b>Page No.</b> |
|----------------|--|-----------------|
| 1.             | Examination Report on the Reformatted Financial Information of our Company as of and for the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013. | F-1             |
| 2.             | Reformatted Financial Information of our Company as of and for the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013.                           | F-4             |
| 3.             | Review Report on the unaudited special purpose condensed interim financial statements as of and for the nine months period ended December 31, 2017                                     | F-54            |
| 4.             | The unaudited special purpose condensed interim financial statements as of and for the nine months period ended December 31, 2017  | F-57            |

To

The Board of Directors  
Edelweiss Retail Finance Limited  
Edelweiss House,  
Off. CST Road,  
Kalina, Mumbai

**Auditors' Report on Reformatted Financial Information in connection with the Public Offering of Non-Convertible Debentures of Edelweiss Retail Finance Limited**

Dear Sirs/ Madam,

1. This report is issued in accordance with the terms of our agreement dated February 13, 2018.
2. The accompanying reformatting financial information, expressed in Indian Rupees [in millions], of **Edelweiss Retail Finance Limited** (hereinafter referred to as the "Company"), summarized and comprising of Financial Information in paragraph A below and Other Financial Information in paragraph B below (hereinafter together referred to as "Reformatted Financial Information"), has been prepared by the Management of the Company in accordance with the requirements of Section 26 of the Companies Act, 2013 (hereinafter referred to as the "Act") read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules") and items (i) and (j) of Paragraph 3A of Schedule 1 of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended to date read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the Proposed Public Offering of Non-Convertible Debentures of the Company (the "Issue") and has been approved by the Securities IPO Committee of the Board of Directors of the Company.

**Management's Responsibility for the Reformatted Financial Information**

3. The preparation of the Reformatted Financial Information, which is to be included in the Draft Prospectus and the Prospectus, is the responsibility of the Management of the Company and has been approved by the Securities IPO Committee of the Board of Directors of the Company, at its meeting held on February 16, 2018, for the purpose set out in paragraph 14 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Reformatted Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

**Auditors' Responsibilities**

4. Our work has been carried out in accordance with the Standards on Auditing under Section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Issue.

**A. Financial Information as per audited financial statements:**

5. We have examined the following financial statements of the Company contained in Reformatted Financial Information of the Company:
  - a) the "Reformatted Statement of Assets and Liabilities" as at March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 (enclosed as Annexure I);
  - b) the "Reformatted Statement of Profit and Loss" for each of the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 (enclosed as Annexure II) and
  - c) the "Reformatted Statement of Cash Flows" for each of the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 (enclosed as Annexure III).
6. The Reformatted Financial Information, expressed in Indian Rupees in millions, has been prepared by the Company's management from the audited financial statements of the Company, as at for each of the years ended March 31, 2017, March 31, 2016 (both of which were expressed in India Rupees in millions) and March 31, 2015, March 31, 2014 and March 31, 2013 (all of which were expressed in Indian Rupees), read with paragraphs 7, 8 and 13 below, on which respective auditors have expressed unmodified audit opinions vide their reports dated May 16, 2017, May 12, 2016, May 14, 2015, May 16, 2014 and May 11, 2013, respectively.
7. We draw your attention that the Reformatted Financial Information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure IV (as described in paragraph B).
8. We have not audited any financial statements of the Company as at any date or for any period. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as at any date or for any period. Audit of the financial statements of the Company as at and for each of the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 was done by another firm of chartered accountants.

**B. Other Financial Information:**

9. At the Company's request, we have also examined the following Other Financial Information relating to the Company as at March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and for each of the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, proposed to be included in the Draft Prospectus and Prospectus, prepared by the Management of the Company and as approved by the Securities IPO Committee of the Board of Directors of the Company and annexed to this report:
  - i) Basis of preparation and Significant Accounting Policies as enclosed in Annexure IV;
  - ii) Notes to the Reformatted Financial Information as enclosed in Annexure V;
  - iii) Reformatted Statement of Dividends Declared as enclosed in Annexure VI;
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**Auditors' Report on Reformatted Financial Information in connection with the  
Public Offering of Non-Convertible Debentures of Edelweiss Retail Finance Limited**  
Page 3 of 3

**Opinion**

11. In our opinion, the Reformatted Financial Information of the Company, as attached to this report and as mentioned in paragraphs A and B above, read with basis of preparation and respective significant accounting policies have been prepared in accordance with the Act, the Rules and the SEBI Regulations.
12. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by other auditors on the financial statements of the Company.

**Other Matter**

13. The reformatted financial information of the Company have been examined and reported upon by another firm of chartered accountants for each of the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, whose report has been furnished to us by the Management of the Company and our opinion on the Reformatted Financial Information to the extent they have been derived from such financial information is based solely on the report issued by them.

**Restriction on Use**

14. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Prospectus and the Prospectus, prepared in connection with the Issue, to be filed by the Company with the SEBI, Registrar of Companies, Mumbai and the stock exchanges where the Company's Securities are to be listed.

For Price Waterhouse Chartered Accountants LLP  
Chartered Accountants  
Firm Registration Number: 012754N/N500016

Mumbai  
February 16, 2018

Sharad Agarwal  
Partner  
Membership Number: 118522

# Edelweiss Retail Finance Limited

## Reformatted Statement of Assets and Liabilities

## Annexure I

(Currency : Indian Rupees in Millions)

|  | Note | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|--|------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                        |                        |                        |                        |                        |
| <b>Shareholders' funds</b>   |      |                        |                        |                        |                        |                        |
| (a) Share capital  | 2.1  | 329.50                 | 299.50                 | 156.59                 | 29.99                  | 9.99                   |
| (b) Reserves and surplus   | 2.2  | 2,805.43               | 2,311.13               | 1,078.88               | 179.40                 | 48.43                  |
|  |      | 3,134.93               | 2,610.63               | 1,235.47               | 209.39                 | 58.42                  |
| <b>Non-current liabilities</b>   |      |                        |                        |                        |                        |                        |
| (a) Long-term borrowings   | 2.3  | 6,646.75               | 7,726.86               | 3,540.00               | 150.00                 | -                      |
| (b) Deferred tax liabilities (Net)   | 2.4  | -                      | -                      | 2.52                   | 0.28                   | -                      |
| (c) Other long-term liabilities  | 2.5  | 192.70                 | 93.98                  | 27.30                  | 2.57                   | -                      |
| (d) Long-term provisions   | 2.6  | 95.66                  | 49.39                  | 11.47                  | 0.71                   | -                      |
|  |      | 6,935.11               | 7,870.23               | 3,581.29               | 153.56                 | -                      |
| <b>Current liabilities</b>   |      |                        |                        |                        |                        |                        |
| (a) Short-term borrowings  | 2.7  | 1,751.00               | 556.35                 | 502.86                 | 256.06                 | -                      |
| (b) Trade payables   | 2.8  |                        |                        |                        |                        |                        |
| (A) total outstanding dues of micro enterprises and small enterprises                      |      | -                      | -                      | -                      | -                      | -                      |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises |      | 390.80                 | 172.53                 | 47.96                  | 14.53                  | 0.22                   |
| (c) Other current liabilities  | 2.9  | 3,248.27               | 3,257.38               | 277.38                 | 7.12                   | 0.02                   |
| (d) Short-term provisions  | 2.10 | 56.74                  | 72.04                  | 35.24                  | 0.86                   | 0.12                   |
|  |      | 5,446.81               | 4,058.30               | 863.44                 | 278.57                 | 0.36                   |
| <b>TOTAL</b>   |      | <b>15,516.85</b>       | <b>14,539.16</b>       | <b>5,680.20</b>        | <b>641.52</b>          | <b>58.78</b>           |
| <b>ASSETS</b>  |      |                        |                        |                        |                        |                        |
| <b>Non-current assets</b>  |      |                        |                        |                        |                        |                        |
| (a) Fixed assets   | 2.11 |                        |                        |                        |                        |                        |
| (i) Property, plant & equipment  |      | 9.29                   | 1.71                   | 0.38                   | -                      | -                      |
| (ii) Intangible assets   |      | 3.31                   | 0.10                   | -                      | -                      | -                      |
| (iii) Intangibles under development  |      | 1.00                   | 1.10                   | -                      | -                      | -                      |
| (b) Deferred tax assets (net)  | 2.4  | 21.92                  | 10.74                  | -                      | -                      | -                      |
| (c) Long-term loans and advances   | 2.12 | 7,706.41               | 8,008.42               | 4,195.48               | 287.46                 | -                      |
| (d) Other non-current assets   | 2.13 | 42.00                  | 1.87                   | -                      | -                      | -                      |
|  |      | 7,783.93               | 8,023.94               | 4,195.86               | 287.46                 | -                      |
| <b>Current assets</b>  |      |                        |                        |                        |                        |                        |
| (a) Current investments  | 2.14 | -                      | -                      | -                      | -                      | 58.60                  |
| (b) Cash and bank balances ^   | 2.15 | 72.21                  | 140.29                 | 14.60                  | 2.35                   | 0.00                   |
| (c) Short-term loans and advances  | 2.16 | 7,296.37               | 6,196.17               | 1,412.36               | 348.01                 | 0.18                   |
| (d) Other current assets   | 2.17 | 364.34                 | 178.76                 | 57.38                  | 3.70                   | -                      |
|  |      | 7,732.92               | 6,515.22               | 1,484.34               | 354.06                 | 58.78                  |
| <b>TOTAL</b>   |      | <b>15,516.85</b>       | <b>14,539.16</b>       | <b>5,680.20</b>        | <b>641.52</b>          | <b>58.78</b>           |

^- Amount is less than 0.01 million

Significant Accounting Policies and Notes to the Reformatted Financial Information

1&2

The accompanying notes are an integral part of the reformatted financial information

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**

*Chartered Accountants*

Firm Registration Number. 012754N/N500016

For and on behalf of the Board of Directors

**Edelweiss Retail Finance Limited**

**Sharad Agarwal**

Partner

Membership No: 118522

**Anil Kothuri**

Director

DIN: 00177945

**Shalinee Mimani**

Director

DIN : 07404075

Mumbai

16 February 2018

**Vineet Mahajan**

Chief Financial Officer

Mumbai

16 February 2018

**Sudipta Majumdar**

Company Secretary

Mumbai

16 February 2018

# Edelweiss Retail Finance Limited

## Reformatted Statement of Profit and Loss

## Annexure II

(Currency : Indian Rupees in Millions)

|  |      | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 | For the year ended<br>31 March 2013 |
|--|------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Note</b>  |      |                                     |                                     |                                     |                                     |                                     |
| <b>Income</b>  |      |                                     |                                     |                                     |                                     |                                     |
| <b>Revenue from operations</b>   |      |                                     |                                     |                                     |                                     |                                     |
| Fee and commission income  | 2.18 | 187.20                              | 80.97                               | 18.87                               | 0.27                                | -                                   |
| Income from treasury   | 2.19 | -                                   | -                                   | -                                   | 4.33                                | (0.37)                              |
| Interest income  | 2.20 | 2,338.16                            | 1,532.57                            | 433.32                              | 15.73                               | 0.40                                |
| <b>Other income</b>  | 2.21 | 9.98                                | 1.18                                | 0.30                                | -                                   | -                                   |
| <b>Total Revenue</b>   |      | <b>2,535.34</b>                     | <b>1,614.72</b>                     | <b>452.49</b>                       | <b>20.33</b>                        | <b>0.03</b>                         |
| <b>Expenses</b>  |      |                                     |                                     |                                     |                                     |                                     |
| Employee benefit expenses  | 2.22 | 215.71                              | 49.32                               | 32.16                               | 0.11                                | 0.02                                |
| Finance costs  | 2.23 | 1,161.19                            | 793.16                              | 184.98                              | 6.11                                | 0.01                                |
| Depreciation <sup>^</sup>  | 2.11 | 3.32                                | 0.55                                | 0.00                                | -                                   | -                                   |
| Other expenses   | 2.24 | 665.82                              | 392.40                              | 117.38                              | 12.61                               | 0.18                                |
| <b>Total expenses</b>  |      | <b>2,046.04</b>                     | <b>1,235.43</b>                     | <b>334.52</b>                       | <b>18.83</b>                        | <b>0.21</b>                         |
| <b>Profit before tax</b>   |      | <b>489.30</b>                       | <b>379.29</b>                       | <b>117.97</b>                       | <b>1.50</b>                         | <b>(0.18)</b>                       |
| Tax expense:   |      |                                     |                                     |                                     |                                     |                                     |
| (1) Current tax (includes short provision for earlier years Rs 0.03 million in the year 2017, Rs 8.23 million in the year 2016, Rs Nil in the year 2015) |      | 181.01                              | 145.53                              | 39.17                               | 0.58                                | 0.16                                |
| (2) MAT credit entitlement   |      | -                                   | -                                   | -                                   | (0.34)                              | -                                   |
| (3) Deferred tax (net)   |      | (11.17)                             | (13.26)                             | 2.24                                | 0.28                                | 4.24                                |
| <b>Profit for the year</b>   |      | <b>319.46</b>                       | <b>247.02</b>                       | <b>76.56</b>                        | <b>0.98</b>                         | <b>(4.58)</b>                       |
| <b>Earnings per equity share (Face value Rs. 10 each):</b>   |      |                                     |                                     |                                     |                                     |                                     |
| <b>Basic and diluted (in rupees)</b>   | 2.27 | 10.08                               | 12.28                               | 6.72                                | 0.96                                | (4.58)                              |

Significant Accounting Policies and Notes to the Reformatted Financial Information

1 & 2

The accompanying notes are an integral part of the reformatted financial information

As per our report of even date attached.

<sup>^</sup>- Amount is less than 0.01 million

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm Registration Number. 012754N/N500016

For and on behalf of the Board of Directors

Edelweiss Retail Finance Limited

**Sharad Agarwal**

Partner

Membership No: 118522

**Anil Kothuri**

Director

DIN: 00177945

**Shalinee Mimani**

Director

DIN : 07404075

**Vineet Mahajan**

Chief Financial Officer

Mumbai

16 February 2018

**Sudipta Majumdar**

Company Secretary

Mumbai

16 February 2018

Mumbai

16 February 2018



# Edelweiss Retail Finance Limited

## Reformatted Statement of Cash Flow

## Annexure III

(Currency : Indian Rupees in Millions)

|   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 | For the year ended<br>31 March 2013 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>A Cash flow from operating activities</b>                          |                                     |                                     |                                     |                                     |                                     |
| Profit / (loss) before tax  | 489.30                              | 379.29                              | 117.97                              | 1.50                                | -                                   |
| <b>Adjustments for</b>  |                                     |                                     |                                     |                                     |                                     |
| Depreciation and amortization expenses ^                              | 3.32                                | 0.55                                | 0.00                                | -                                   | -                                   |
| Provision for compensated absences                                    | -                                   | 0.77                                | 0.02                                | -                                   | -                                   |
| Provision for standard assets   | 9.64                                | 28.00                               | 12.71                               | 1.56                                | (0.08)                              |
| Provision for Restructured advances                                   | 2.91                                | 1.25                                | -                                   | -                                   | -                                   |
| Provision for non performing assets                                   | (23.79)                             | 26.69                               | 1.40                                | -                                   | -                                   |
| Provision for credit loss on securitisation                           | 30.14                               | 5.60                                | -                                   | -                                   | -                                   |
| Bad-debts and advance written off                                     | 225.54                              | 1.78                                | -                                   | -                                   | -                                   |
| Amortised loan processing fees  | -                                   | (64.22)                             | (15.97)                             | (0.27)                              | -                                   |
| Amortised loan origination cost                                       | -                                   | 90.48                               | 24.87                               | 0.42                                | -                                   |
| Interest on income tax refund   | -                                   | (0.05)                              | -                                   | -                                   | -                                   |
| Loss on sale of non current investments (net)                         | -                                   | -                                   | -                                   | -                                   | 0.81                                |
| Profit on sale of current investments (net)                           | -                                   | -                                   | -                                   | (4.33)                              | (0.40)                              |
| Dividend on Investments   | -                                   | -                                   | -                                   | -                                   | (0.04)                              |
| Loss on sale of Fixed assets(net)                                     | 0.02                                | -                                   | -                                   | -                                   | -                                   |
| <b>Operating cash flow before working capital changes</b>             | <b>737.08</b>                       | <b>470.14</b>                       | <b>141.00</b>                       | <b>(1.12)</b>                       | <b>0.11</b>                         |
| <b>Add / (Less): Adjustments for working capital changes</b>          |                                     |                                     |                                     |                                     |                                     |
| (Increase) / Decrease in receivable from financing business           | (5,114.77)                          | (8,446.69)                          | (4,888.75)                          | (625.81)                            | 33.43                               |
| Decrease in Stock in trade  | -                                   | -                                   | -                                   | -                                   | 5.00                                |
| Increase in other loans and advances ^                                | (21.11)                             | (242.66)                            | (108.66)                            | (9.52)                              | 0.00                                |
| (Increase) / decrease in other assets                                 | -                                   | -                                   | -                                   | -                                   | -                                   |
| Increase in other current assets                                      | (225.71)                            | (123.24)                            | (53.68)                             | (3.70)                              | -                                   |
| Increase from short-term borrowings (Net of repayment)                | -                                   | -                                   | 246.80                              | -                                   | -                                   |
| Increase in liabilities and provisions                                | 300.65                              | 751.09                              | 344.44                              | 24.25                               | 0.23                                |
| <b>Net cash used in operating activities</b>                          | <b>(4,323.86)</b>                   | <b>(7,591.36)</b>                   | <b>(4,318.85)</b>                   | <b>(615.90)</b>                     | <b>38.77</b>                        |
| Income taxes paid   | (164.80)                            | (134.82)                            | (8.04)                              | (0.74)                              | (0.03)                              |
| <b>Net cash (used in)/generated from operating activities -A</b>      | <b>(4,488.66)</b>                   | <b>(7,726.18)</b>                   | <b>(4,326.89)</b>                   | <b>(616.64)</b>                     | <b>38.74</b>                        |
| <b>B Cash flow from investing activities</b>                          |                                     |                                     |                                     |                                     |                                     |
| Purchase of fixed assets  | (14.50)                             | (3.08)                              | (0.38)                              | -                                   | -                                   |
| Sale of Non-current investments                                       | -                                   | -                                   | -                                   | -                                   | 15.45                               |
| Sale of fixed assets  | 0.47                                | -                                   | -                                   | -                                   | -                                   |
| Purchase of current investments                                       | -                                   | -                                   | -                                   | -                                   | (151.40)                            |
| Sale of current investments   | -                                   | -                                   | -                                   | 62.93                               | 93.84                               |
| Dividend on Investments   | -                                   | -                                   | -                                   | -                                   | 0.04                                |
| Increase in fixed deposits  | (64.33)                             | -                                   | -                                   | -                                   | -                                   |
| <b>Net cash (used in)/generated from investing activities -B</b>      | <b>(78.36)</b>                      | <b>(3.08)</b>                       | <b>(0.38)</b>                       | <b>62.93</b>                        | <b>(42.07)</b>                      |
| <b>C Cash flow from financing activities</b>                          |                                     |                                     |                                     |                                     |                                     |
| Proceeds from issue of equity shares                                  | 264.00                              | 1,128.14                            | 949.52                              | 150.00                              | -                                   |
| Premium payable on redemption of non convertible debentures           | (90.47)                             | -                                   | -                                   | -                                   | -                                   |
| Proceeds from loans securitization / assignment                       | 4,112.16                            | -                                   | -                                   | -                                   | -                                   |
| Proceeds / (Repayments) from long-term borrowings                     | (1,080.10)                          | 4,186.86                            | 3,390.00                            | 150.00                              | -                                   |
| Proceeds from short-term borrowings (net of repayment)                | 1,229.02                            | 2,539.95                            | -                                   | 256.06                              | -                                   |
| <b>Net cash generated from financing activities - C</b>               | <b>4,434.61</b>                     | <b>7,854.95</b>                     | <b>4,339.52</b>                     | <b>556.06</b>                       | <b>-</b>                            |
| <b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b> | <b>(132.41)</b>                     | <b>125.69</b>                       | <b>12.25</b>                        | <b>2.35</b>                         | <b>(3.33)</b>                       |
| Cash and cash equivalents as at the beginning of the year^            | 140.29                              | 14.60                               | 2.35                                | 0.00                                | 3.34                                |
| Cash and cash equivalents as at the end of the year (Refer note 2.15) | 7.88                                | 140.29                              | 14.60                               | 2.35                                | 0.00                                |

Significant Accounting Policies and Notes to the Reformatted Financial Information

1 & 2

The accompanying notes are an integral part of the reformatted financial information

As per our report of even date attached.

Notes:

The above Statement of Cash Flow has been prepared under "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" specified under section 133 of companies Act, 2013 read with Paragraph 7 of the Companies (Accounts) Rules, 2014 for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 and specified under section 211(3C) of the Companies Act 1956 for the years ended March 31, 2014 and March 31, 2013.

^ Amount is less than 0.01 million

For Price Waterhouse Chartered Accountants LLP  
Chartered Accountants  
Firm Registration Number. 012754N/N500016

For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited

Sharad Agarwal  
Partner  
Membership No: 118522

Anil Kothuri  
Director  
DIN: 00177945

Shalinee Mimani  
Director  
DIN : 07404075

Mumbai  
16 February 2018

Vineet Mahajan  
Chief Financial Officer  
Mumbai  
16 February 2018

Sudipta Majumdar  
Company Secretary  
Mumbai  
16 February 2018

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information

## Annexure IV

### 1. Basis of preparation and Significant accounting policies

#### 1.1 Basis of preparation

The Reformatted Statement of Assets and Liabilities of Edelweiss Retail Finance Limited ('the Company') as at March 31, 2017, 2016, 2015, 2014 and 2013 and the Reformatted Statement of Profit and Loss and the Reformatted Statement of Cash flows, for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 (together referred as 'Reformatted Financial Information') and Other Reformatted Financial Information have been extracted by the Management from the Audited Financial Statements of the Company for the respective years ("Audited Financial Statements").

The Audited Financial Statements were prepared to comply in all material respect with the generally applicable accounting principles in India under the historical cost convention on accrual basis.

Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, the Audited Financial Statements for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended], other relevant provisions of the Companies Act, 2013 and circulars and guidelines issued by the Reserve Bank of India ("RBI").

The Audited Financial Statements for the years ended March 31, 2014 and March 31, 2013 of the Company have been prepared to comply in all material respect with the generally applicable accounting principles in India under the historical cost convention on accrual basis, the applicable accounting standards under Section 211(3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956 and circulars and guidelines issued by the RBI.

The Company being an NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

The Reformatted Financial Information and Other Reformatted Financial Information have been prepared by the management in connection with the proposed listing of non-convertible debentures of the Company with BSE Limited and National Stock Exchange of India Limited (together 'the stock exchanges'), in accordance with the requirements of:

- a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and
- b) The SEBI (Issue and Listing of Debt Securities) Regulations, 2008 issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 (together referred to as the "SEBI Regulations").

Notes to the Reformatted Financial Information have been extracted from the audited financial statements of the respective financial years. Hence, some disclosures may not contain information number for all years as may not be applicable for the respective financial years.

### **1.2 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### **1.3 Current-non-current classification**

All assets and liabilities are classified into current and non-current

#### **Assets**

An Asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primary for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

### **1.4 Revenue recognition**

- a. Fees Income including processing fees (other than small & medium enterprises loans) are accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b. In case of small & medium enterprises loans, processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under “Other current liabilities” and “Other long term liabilities” based on amortisable tenor. In the event of a loan being foreclosed, securitised or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure, securitisation or write off.
- c. Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines. Loans are repaid by way of Equated Monthly Instalments (EMIs), which comprise of principal and interest. Interest is calculated on outstanding balance at the beginning of a month. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.
- d. Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- e. Dividend income is recognised when the right to receive payment is established.
- f. Penal interest income on delayed EMI or Pre-EMI is recognized on receipt basis.
- g. Charges levied like cheque bouncing charges, loan conversion charges etc are recognized on receipt basis.

### **1.5 Provisioning on receivables from financing business**

Provision for non-performing assets is based on the management’s assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

### **1.6 Fixed assets and depreciation**

#### ***Property, Plant & Equipment***

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. The cost of Property, plant & equipment comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The useful lives of the fixed assets are as follows:

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (*Continued*)

## Annexure IV

| <b>Nature of assets</b>  | <b>Estimated useful life</b> |
|--|------------------------------|
| Office Equipment   | 5 years                      |
| Vehicles   | 8 years                      |
| Computer and data processing units-End user devices, such as Desktops, laptops, etc. | 3 years                      |

### **Intangible fixed assets**

Intangible fixed assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Intangibles such as software are amortised over a period of 3 years or estimated useful life, whichever is shorter life.

### **1.7 Employee benefits**

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

#### *Provident fund*

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

#### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

#### *Compensated Absences*

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognizes the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

### **1.8 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the assets net selling price and the value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

### **1.9 Investments**

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

### **1.10 Loan origination costs**

Loan origination costs comprise of costs paid to third party vendors and intermediaries for loan acquisition, processing, field verification, legal evaluation, title search, fraud check, technical valuation, etc. Such origination costs, directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed as part of "Long-term loans and advances" and "Short-term loan and advances" based on amortisable tenor. Where the loan is foreclosed, securitised or written off, the unamortised portion of such loan origination costs are recognised as a charge to the statement of profit and loss at the time of such foreclosure, securitisation or write off.

### **1.11 Securitised Assets**

Assets that are securitised and assigned are derecognised in the books of accounts based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the generally accepted accounting principles and industry practice.

### **1.12 Taxation**

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

### *Current tax*

Provision for income tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

### *Deferred tax*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

### *Minimum Alternate Tax (MAT)*

MAT credit asset is recognised where there is convincing evidence that the asset can be realised in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

### **1.13 Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares considered for deriving basic earning per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

### **1.14 Provisions and contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information

## Annexure V

(Currency : Indian Rupees in Millions)

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>2.1 Share capital</b>   |                        |                        |                        |                        |                        |
| <b>Authorised:</b>   |                        |                        |                        |                        |                        |
| 50,000,000 (Previous year: 50,000,000) Equity Shares of Rs. 10 each                | 500.00                 |                        |                        |                        |                        |
| 50,000,000 (Previous year: 30,000,000) Equity Shares of Rs. 10 each                |                        | 500.00                 |                        |                        |                        |
| 30,000,000 (Previous year: 10,000,000) Equity Shares of Rs. 10 each                |                        |                        | 300.00                 |                        |                        |
| 10,000,000 (Previous year: 1,000,000) Equity Shares of Rs. 10 each                 |                        |                        |                        | 100.00                 |                        |
| 1,000,000 (Previous year: 1,000,000) Equity Shares of Rs. 10 each                  |                        |                        |                        |                        | 10.00                  |
|  | <u>500.00</u>          | <u>500.00</u>          | <u>300.00</u>          | <u>100.00</u>          | <u>10.00</u>           |
| <b>Issued :</b>  |                        |                        |                        |                        |                        |
| 32,950,000 (Previous year: 29,950,000) Equity Shares of Rs. 10 each, fully paid up | 329.50                 |                        |                        |                        |                        |
| 29,950,000 (Previous year: 15,658,833) Equity Shares of Rs. 10 each, fully paid up |                        | 299.50                 |                        |                        |                        |
| 15,658,833 (Previous year: 9,698,500) Equity Shares of Rs. 10 each, fully paid up  |                        |                        | 156.59                 |                        |                        |
| 9,698,500 (Previous year: 998,500) Equity Shares of Rs. 10 each, fully paid up     |                        |                        |                        | 96.99                  |                        |
| 998,500 (Previous year: 998,500) Equity Shares of Rs. 10 each, fully paid up       |                        |                        |                        |                        | 9.99                   |
|  | <u>329.50</u>          | <u>299.50</u>          | <u>156.59</u>          | <u>96.99</u>           | <u>9.99</u>            |
| <b>Subscribed and Paid up:</b>   |                        |                        |                        |                        |                        |
| 32,950,000 (Previous year: 29,950,000) Equity Shares of Rs. 10 each, fully paid up | 329.50                 |                        |                        |                        |                        |
| 29,950,000 (Previous year: 15,658,833) Equity Shares of Rs. 10 each, fully paid up |                        | 299.50                 |                        |                        |                        |
| 15,658,833 (Previous year: 2,998,500) Equity Shares of Rs. 10 each, fully paid up  |                        |                        | 156.59                 |                        |                        |
| 2,998,500 (Previous year: 998,500) Equity Shares of Rs. 10 each, fully paid up     |                        |                        |                        | 29.99                  |                        |
| 9,98,500 (Previous year: 9,98,500) Equity Shares of Rs. 10 each, fully paid up     |                        |                        |                        |                        | 9.99                   |
|  | <u>329.50</u>          | <u>299.50</u>          | <u>156.59</u>          | <u>29.99</u>           | <u>9.99</u>            |



# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

| Movement in share capital                     | As at<br>31 March 2017 |        | As at<br>31 March 2016 |        | As at<br>31 March 2015 |        |
|---|------------------------|--------|------------------------|--------|------------------------|--------|
|   | Number of<br>shares    | Amount | Number of<br>shares    | Amount | Number of<br>shares    | Amount |
| <b>Equity Shares of Rs 10 each fully paid</b> |                        |        |                        |        |                        |        |
| Outstanding at the beginning of the year      | 29,950,000             | 299.50 | 15,658,833             | 156.59 | 2,998,500              | 29.99  |
| Shares issued during the year                 | 3,000,000              | 30.00  | 14,291,167             | 142.91 | 12,660,333             | 126.60 |
| Outstanding at the end of the year            | 32,950,000             | 329.50 | 29,950,000             | 299.50 | 15,658,833             | 156.59 |

| Equity Shares of Rs 10 each fully paid   | As at<br>31 March 2014 |        | As at<br>31 March 2013 |        |
|--|------------------------|--------|------------------------|--------|
|  | Number of<br>shares    | Amount | Number of<br>shares    | Amount |
| Outstanding at the beginning of the year | 998,500                | 9.99   | 998,500                | 9.99   |
| Shares issued during the year            | 2,000,000              | 20.00  | -                      | -      |
| Outstanding at the end of the year       | 2,998,500              | 29.99  | 998,500                | 9.99   |

| Shares held by holding / ultimate holding<br>Company and / or their subsidiaries /<br>associates | As at<br>31 March 2017 |                            | As at<br>31 March 2016 |                            | As at<br>31 March 2015 |                            |
|--|------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|
|  | Number of<br>shares    | Percentage<br>shareholding | Number of<br>shares    | Percentage<br>shareholding | Number of<br>shares    | Percentage<br>shareholding |
| Edelcap Securities Limited, the holding<br>Company   | 25,258,333             | 76.66%                     | 25,258,333             | 84.34%                     | 15,658,833             | 100.00%                    |
| Edelweiss Financial Services Limited   | 4,691,667              | 14.24%                     | 4,691,667              | 15.66%                     | -                      | -                          |
| Edelweiss Finvest Private Limited (formerly<br>known as Arum Investments Private Limited)        | 3,000,000              | 9.10%                      | -                      | -                          | -                      | -                          |
|  | 32,950,000             | 100.00%                    | 29,950,000             | 100.00%                    | 15,658,833             | 100.00%                    |

| Shares held by holding / ultimate holding<br>Company and / or their subsidiaries /<br>associates | As at<br>31 March 2014 |                            | As at<br>31 March 2013 |                            |
|--|------------------------|----------------------------|------------------------|----------------------------|
|  | Number of<br>shares    | Percentage<br>shareholding | Number of<br>shares    | Percentage<br>shareholding |
| Edelcap Securities Limited, the holding<br>Company   | 2,998,500              | 100.00%                    | 998,500                | 100.00%                    |
|  | 2,998,500              | 100.00%                    | 998,500                | 100.00%                    |

### Details of shareholders holding more than 5% shares in the Company:

| Equity Shares of Rs 10 each fully paid  | As at<br>31 March 2017 |                            | As at<br>31 March 2016 |                            | As at<br>31 March 2015 |                            |
|---|------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|
|   | Number of<br>shares    | Percentage<br>shareholding | Number of<br>shares    | Percentage<br>shareholding | Number of<br>shares    | Percentage<br>shareholding |
| Edelcap Securities Limited  | 25,258,333             | 76.66%                     | 25,258,333             | 84.34%                     | 15,658,833             | 100.00%                    |
| Edelweiss Financial Services Limited  | 4,691,667              | 14.24%                     | 4,691,667              | 15.66%                     | -                      | -                          |
| Edelweiss Finvest Private Limited (formerly<br>known as Arum Investments Private Limited) | 3,000,000              | 9.10%                      | -                      | -                          | -                      | -                          |
|   | 32,950,000             | 100.00%                    | 29,950,000             | 100.00%                    | 15,658,833             | 100.00%                    |

### Details of shareholders holding more than 5% shares in the Company:

| Equity Shares of Rs 10 each fully paid | As at<br>31 March 2014 |                            | As at<br>31 March 2013 |                            |
|--|------------------------|----------------------------|------------------------|----------------------------|
|  | Number of<br>shares    | Percentage<br>shareholding | Number of<br>shares    | Percentage<br>shareholding |
| Edelcap Securities Limited             | 2,998,500              | 100.00%                    | 998,500                | 100.00%                    |
|  | 2,998,500              | 100.00%                    | 998,500                | 100.00%                    |

### Rights, preferences and restriction attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>2.2 Reserves and surplus</b>   |                        |                        |                        |                        |                        |
| <b>Capital Reserve</b>  | 8.18                   | 8.18                   | 8.18                   | 8.18                   | 8.18                   |
| <b>Securities Premium Account</b>   |                        |                        |                        |                        |                        |
| Opening balance   | 1,978.08               | 992.85                 | 169.93                 | 39.93                  | 39.93                  |
| Add : Additions during the year   | 234.00                 | 985.23                 | 822.92                 | 130.00                 | -                      |
| Less : Provision for redemption premium on NCD  | 59.16                  | -                      | -                      | -                      | -                      |
|   | <u>2,152.92</u>        | <u>1,978.08</u>        | <u>992.85</u>          | <u>169.93</u>          | <u>39.93</u>           |
| <b>Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India *</b> |                        |                        |                        |                        |                        |
| Opening balance   | 65.07                  | 15.66                  | 0.35                   | 0.16                   | 0.16                   |
| Add : Additions during the year   | 63.89                  | 49.41                  | 15.31                  | 0.19                   | -                      |
|   | <u>128.96</u>          | <u>65.07</u>           | <u>15.66</u>           | <u>0.35</u>            | <u>0.16</u>            |
| <b>Surplus in statement of profit and loss</b>  |                        |                        |                        |                        |                        |
| Opening Balance   | 259.80                 | 62.19                  | 0.94                   | 0.16                   | 4.74                   |
| Add: Net profit for the year  | 319.46                 | 247.02                 | 76.56                  | 0.97                   | (4.58)                 |
| <b>Amount available for appropriation</b>   | <u>579.26</u>          | <u>309.21</u>          | <u>77.50</u>           | <u>1.13</u>            | <u>0.16</u>            |
| Appropriations:   |                        |                        |                        |                        |                        |
| Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934                          | 63.89                  | 49.41                  | 15.31                  | 0.19                   | -                      |
|   | <u>515.37</u>          | <u>259.80</u>          | <u>62.19</u>           | <u>0.94</u>            | <u>0.16</u>            |
|   | <u>2,805.43</u>        | <u>2,311.13</u>        | <u>1,078.88</u>        | <u>179.40</u>          | <u>48.43</u>           |

\* Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934.

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>2.3 Long-term borrowings</b>   |                        |                        |                        |                        |                        |
| <b><u>Secured</u></b>   |                        |                        |                        |                        |                        |
| Non-convertible redeemable debentures (Refer note 2.35)<br>[Secured by pari pasu charge on immovable property and loans and advance]                      | 2,058.17               | 3,000.00               | 250.00                 | -                      | -                      |
| Term loans from bank (Refer note 2.36)<br>[Secured by pari pasu charge on receivables of the Company.]  | 4,328.58               | 4,296.86               | 500.00                 | -                      | -                      |
|   | <u>6,386.75</u>        | <u>7,296.86</u>        | <u>750.00</u>          | <u>-</u>               | <u>-</u>               |
| <b><u>Unsecured</u></b>   |                        |                        |                        |                        |                        |
| Loans from related parties (refer note 2.26(ii))  | -                      | 290.00                 | 2,790.00               | 150.00                 | -                      |
| [These loans are at an interest rate of 12 per cent per annum, repayable after the end of one year but before the end of three years, as mutually agreed] |                        |                        |                        |                        |                        |
| Non-convertible redeemable subordinated debt (Refer note 2.34)  | 260.00                 | 140.00                 | -                      | -                      | -                      |
|   | <u>6,646.75</u>        | <u>7,726.86</u>        | <u>3,540.00</u>        | <u>150.00</u>          | <u>-</u>               |
| <b>2.4 Deferred tax (assets)/liability (net)</b>  |                        |                        |                        |                        |                        |
| <b><u>Deferred tax liabilities on account of :</u></b>  |                        |                        |                        |                        |                        |
| Amortised loan origination costs  | 63.22                  | 60.70                  | 25.33                  | 2.21                   | -                      |
| Difference between book and tax depreciation ^  | 0.33                   | -                      | 0.00                   | -                      | -                      |
| <b>Deferred tax liabilities</b>   | <u>63.55</u>           | <u>60.70</u>           | <u>25.33</u>           | <u>2.21</u>            | <u>-</u>               |
| <b><u>Deferred tax assets on account of :</u></b>   |                        |                        |                        |                        |                        |
| Provision for standard assets   | 17.80                  | 14.45                  | 4.94                   | 0.48                   | -                      |
| Amortised processing fees   | 41.79                  | 43.60                  | 17.36                  | 1.45                   | -                      |
| Provision for Gratuity  | 1.26                   | 0.73                   | 0.01                   | -                      | -                      |
| Disallowances under section 43B of the Income Tax Act, 1961   | 0.34                   | 0.28                   | 0.01                   | -                      | -                      |
| Provision for deferred bonus  | 8.81                   | -                      | -                      | -                      | -                      |
| Provision for NPA   | 15.47                  | 12.27                  | 0.49                   | -                      | -                      |
| Difference between book and tax depreciation  | -                      | 0.11                   | -                      | -                      | -                      |
| <b>Deferred tax assets</b>  | <u>85.47</u>           | <u>71.44</u>           | <u>22.81</u>           | <u>1.93</u>            | <u>-</u>               |
| <b>Deferred Tax (asset)/liability</b>   | <u>(21.92)</u>         | <u>(10.74)</u>         | <u>2.52</u>            | <u>0.28</u>            | <u>-</u>               |
| <b>2.5 Other long term liabilities</b>  |                        |                        |                        |                        |                        |
| Unamortised processing fees   | 52.84                  | 65.33                  | 27.30                  | 2.57                   | -                      |
| Interest accrued but not due on borrowings  | 97.87                  | 26.78                  | -                      | -                      | -                      |
| Unrealised gain on loan transfer transactions   | 41.99                  | 1.87                   | -                      | -                      | -                      |
|   | <u>192.70</u>          | <u>93.98</u>           | <u>27.30</u>           | <u>2.57</u>            | <u>-</u>               |
| <b>2.6 Long term provisions</b>   |                        |                        |                        |                        |                        |
| Provision for employee benefits   |                        |                        |                        |                        |                        |
| Gratuity (refer note 2.28B) ^   | 3.13                   | 2.11                   | 0.03                   | 0.00                   | -                      |
| Compensated leave absences  | 0.75                   | 0.63                   | 0.01                   | -                      | -                      |
| Deferred bonus  | 9.50                   | -                      | -                      | -                      | -                      |
| <b>Other Provisions:</b>  |                        |                        |                        |                        |                        |
| Provision for non performing assets   | 2.82                   | 5.96                   | 0.60                   | -                      | -                      |
| Provision for standard assets   | 39.06                  | 33.34                  | 10.83                  | 0.71                   | -                      |
| Provision for restructured loan   | 4.66                   | 1.75                   | -                      | -                      | -                      |
| Provision for credit loss on securitisation   | 35.74                  | 5.60                   | -                      | -                      | -                      |
| Contingency Provision   | -                      | -                      | -                      | -                      | -                      |
|   | <u>95.66</u>           | <u>49.39</u>           | <u>11.47</u>           | <u>0.71</u>            | <u>-</u>               |

^- Amount is less than 0.01 million

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>2.7 Short-term borrowings</b>   |                        |                        |                        |                        |                        |
| <b><u>Secured</u></b>  |                        |                        |                        |                        |                        |
| Bank overdraft<br>[Secured by pari passu charge on receivables of the Company]<br>(Due within one year, unless otherwise stated)   | 1,018.53               | 460.24                 | 100.00                 | -                      | -                      |
| <b><u>Unsecured</u></b>  |                        |                        |                        |                        |                        |
| Loans from a related party (repayable on demand) (refer note 2.26(ii))   | 732.47                 | 96.11                  | 402.86                 | 256.06                 | -                      |
|  | <b>1,751.00</b>        | <b>556.35</b>          | <b>502.86</b>          | <b>256.06</b>          | <b>-</b>               |
| <b>2.8 Trade payables</b>  |                        |                        |                        |                        |                        |
| Trade payables   |                        |                        |                        |                        |                        |
| (A) total outstanding dues of micro enterprises and small enterprises  | -                      | -                      | -                      | -                      | -                      |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises   |                        |                        |                        |                        |                        |
| i ) Acceptances  | -                      | -                      | -                      | -                      | -                      |
| ii ) Others  |                        |                        |                        |                        |                        |
| a. Related Parties (Refer Note No. 2.26 (ii))  | 51.81                  | -                      | 25.59                  | -                      | -                      |
| b. Others (includes sundry creditors and provision for expenses)   | 338.99                 | 172.53                 | 22.37                  | 14.53                  | 0.22                   |
|  | <b>390.80</b>          | <b>172.53</b>          | <b>47.96</b>           | <b>14.53</b>           | <b>0.22</b>            |
| <b>2.9 Other current liabilities</b>   |                        |                        |                        |                        |                        |
| Current maturities of Long Term Secured Debt   |                        |                        |                        |                        |                        |
| Term loan from bank (Refer note 2.36)  | 1,520.83               | 486.46                 | -                      | -                      | -                      |
| Non-convertible debentures (Refer note 2.35)   | 1,000.00               | 2,000.00               | -                      | -                      | -                      |
| Interest accrued but not due on borrowings   | 148.47                 | 278.55                 | 0.07                   | -                      | -                      |
| Interest accrued and due on borrowings   | -                      | 7.16                   | 15.58                  | 0.94                   | -                      |
| Income received in advance   | 0.46                   | 1.08                   | -                      | -                      | -                      |
| Unamortised processing fees  | 67.91                  | 60.64                  | 22.87                  | 2.12                   | -                      |
| Other Payables   |                        |                        |                        |                        |                        |
| Accrued salaries and benefits  | 42.75                  | 15.78                  | 25.02                  | -                      | -                      |
| Withholding taxes, service tax and other taxes payable   | 25.47                  | 17.25                  | 7.55                   | 0.74                   | 0.02                   |
| Book overdraft   | 280.11                 | 367.40                 | 206.29                 | 3.32                   | -                      |
| Provision for capital expenditure  | 0.50                   | 0.11                   | -                      | -                      | -                      |
| Others   | 2.94                   | 0.24                   | -                      | -                      | -                      |
| Unrealised gain on loan transfer transactions  | 158.83                 | 22.71                  | -                      | -                      | -                      |
|  | <b>3,248.27</b>        | <b>3,257.38</b>        | <b>277.38</b>          | <b>7.12</b>            | <b>0.02</b>            |
| <b>2.10 Short-term provisions</b>  |                        |                        |                        |                        |                        |
| Provision for employee benefits  |                        |                        |                        |                        |                        |
| Gratuity (refer note 2.28B)  | 0.50                   | -                      | -                      | -                      | -                      |
| Compensated absences   | 0.24                   | 0.17                   | 0.01                   | -                      | -                      |
| Deferred bonus   | 15.95                  | -                      | -                      | -                      | -                      |
| <b>Other Provisions :</b>  |                        |                        |                        |                        |                        |
| Provision for non performing assets  | 1.48                   | 22.13                  | 0.81                   | -                      | -                      |
| Provision for standard assets  | 12.36                  | 8.44                   | 3.45                   | 0.86                   | -                      |
| Provision for taxation (Net of advance tax Rs.311.93 million in year 2017, Rs.145.93 million in year 2016, Rs.9.90 million in year 2015, Rs Nil in year 2014 and Rs.0.04 million in year 2013) | 26.21                  | 41.30                  | 30.97                  | -                      | 0.12                   |
|  | <b>56.74</b>           | <b>72.04</b>           | <b>35.24</b>           | <b>0.86</b>            | <b>0.12</b>            |

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

### 2.11 Fixed assets

| Description of Assets                  | Gross Block              |                                 |                                  |                        | Depreciation          |                        |                                  |                           | Net Block                 |                           |
|--|--------------------------|---------------------------------|----------------------------------|------------------------|-----------------------|------------------------|----------------------------------|---------------------------|---------------------------|---------------------------|
|  | As at<br>1 April<br>2016 | Additions<br>during the<br>year | Deductions<br>during the<br>year | As at<br>31 March 2017 | As at<br>1 April 2016 | Charge for<br>the year | Deductions<br>during the<br>year | As at<br>31 March<br>2017 | As at<br>31 March<br>2017 | As at<br>31 March<br>2016 |
| <b>Property, plant &amp; equipment</b> |                          |                                 |                                  |                        |                       |                        |                                  |                           |                           |                           |
| Land                                   | 0.37                     | -                               | -                                | 0.37                   | -                     | -                      | -                                | -                         | 0.37                      | 0.37                      |
| Vehicles                               | 1.28                     | 6.24                            | 0.55                             | 6.97                   | 0.36                  | 1.57                   | 0.06                             | 1.87                      | 5.10                      | 0.92                      |
| Office equipment                       | 0.50                     | 0.07                            | -                                | 0.57                   | 0.18                  | 0.16                   | -                                | 0.34                      | 0.23                      | 0.32                      |
| Computers                              | 0.11                     | 4.30                            | -                                | 4.41                   | 0.01                  | 0.81                   | -                                | 0.82                      | 3.59                      | 0.10                      |
| <b>Total : A</b>                       | 2.26                     | 10.61                           | 0.55                             | 12.32                  | 0.55                  | 2.54                   | 0.06                             | 3.03                      | 9.29                      | 1.71                      |
| <b>Intangible assets</b>               |                          |                                 |                                  |                        |                       |                        |                                  |                           |                           |                           |
| Computer software                      | 0.10                     | 4.00                            | -                                | 4.10                   | -                     | 0.78                   | -                                | 0.78                      | 3.31                      | 0.10                      |
| <b>Total : B</b>                       | 0.10                     | 4.00                            | -                                | 4.10                   | -                     | 0.78                   | -                                | 0.78                      | 3.31                      | 0.10                      |
| <b>Grand Total [A+B]</b>               | 2.36                     | 14.61                           | 0.55                             | 16.42                  | 0.55                  | 3.32                   | 0.06                             | 3.81                      | 12.60                     | 1.81                      |

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

### 2.11 Fixed assets (continued)

| Description of Assets                  | Gross Block           |                                 |                                  |                           | Depreciation          |                        |                               |                           | Net Block                 |                           |
|--|-----------------------|---------------------------------|----------------------------------|---------------------------|-----------------------|------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|
|  | As at<br>1 April 2015 | Additions<br>during the<br>year | Deductions<br>during the<br>year | As at<br>31 March<br>2016 | As at<br>1 April 2015 | Charge for<br>the year | Deductions<br>during the year | As at<br>31 March<br>2016 | As at<br>31 March<br>2016 | As at<br>31 March<br>2015 |
| <b>Property, plant &amp; equipment</b> |                       |                                 |                                  |                           |                       |                        |                               |                           |                           |                           |
| Land                                   | 0.37                  | -                               | -                                | 0.37                      | -                     | -                      | -                             | -                         | 0.37                      | 0.37                      |
| Vehicles                               | -                     | 1.28                            | -                                | 1.28                      | -                     | 0.36                   | -                             | 0.36                      | 0.92                      | -                         |
| Office equipment ^                     | 0.01                  | 0.49                            | -                                | 0.50                      | 0.00                  | 0.18                   | -                             | 0.18                      | 0.32                      | 0.01                      |
| Computers                              | -                     | 0.11                            | -                                | 0.11                      | -                     | 0.01                   | -                             | 0.01                      | 0.10                      | -                         |
| <b>Total : A</b>                       | 0.38                  | 1.88                            | -                                | 2.26                      | 0.00                  | 0.55                   | -                             | 0.55                      | 1.71                      | 0.38                      |
| <b>Intangible assets</b>               |                       |                                 |                                  |                           |                       |                        |                               |                           |                           |                           |
| Computer software ^                    | -                     | 0.10                            | -                                | 0.10                      | -                     | 0.00                   | -                             | 0.00                      | 0.10                      | -                         |
| <b>Total : B</b>                       | -                     | 0.10                            | -                                | 0.10                      | -                     | 0.00                   | -                             | 0.00                      | 0.10                      | -                         |
| <b>Grand Total [A+B]</b>               | 0.38                  | 1.98                            | -                                | 2.36                      | 0.00                  | 0.55                   | -                             | 0.55                      | 1.81                      | 0.38                      |

^ - amount is less than Rs. 0.01 million.

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

Annexure V

(Currency : Indian Rupees in Millions)

### 2.11 Fixed assets (continued)

| Description of Assets                  | Gross Block              |                                 |                                  |                        | Depreciation          |                        |                                  |                           | Net Block                 |                           |
|--|--------------------------|---------------------------------|----------------------------------|------------------------|-----------------------|------------------------|----------------------------------|---------------------------|---------------------------|---------------------------|
|  | As at<br>1 April<br>2014 | Additions<br>during the<br>year | Deductions<br>during the<br>year | As at<br>31 March 2015 | As at<br>1 April 2014 | Charge for<br>the year | Deductions<br>during the<br>year | As at<br>31 March<br>2015 | As at<br>31 March<br>2015 | As at<br>31 March<br>2014 |
| <b>Property, plant &amp; equipment</b> |                          |                                 |                                  |                        |                       |                        |                                  |                           |                           |                           |
| Land                                   | -                        | 0.37                            | -                                | 0.37                   |                       |                        |                                  |                           | 0.37                      | -                         |
| Office equipment                       |                          | 0.01                            | -                                | 0.01                   | -                     | -                      | -                                | -                         | 0.01                      | -                         |
| <b>Total : A</b>                       | -                        | 0.38                            | -                                | 0.38                   | -                     | -                      | -                                | -                         | 0.38                      | -                         |
| <b>Total : B</b>                       | -                        | -                               | -                                | -                      | -                     | -                      | -                                | -                         | -                         | -                         |
| <b>Grand Total [A+B]</b>               | -                        | 0.38                            | -                                | 0.38                   | -                     | -                      | -                                | -                         | 0.38                      | -                         |

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>2.12 Long-term loans and advances</b>  |                        |                        |                        |                        |                        |
| <b><u>Secured</u></b>   |                        |                        |                        |                        |                        |
| (considered good, unless stated otherwise)  |                        |                        |                        |                        |                        |
| Receivable from financing business  |                        |                        |                        |                        |                        |
| - considered good   | 5,137.10               | 7,753.65               | 2,465.21               | 125.76                 | -                      |
|   | <u>5,137.10</u>        | <u>7,753.65</u>        | <u>2,465.21</u>        | <u>125.76</u>          | <u>-</u>               |
| <b><u>Unsecured</u></b>   |                        |                        |                        |                        |                        |
| (considered good, unless stated otherwise)  |                        |                        |                        |                        |                        |
| Receivables from financing business   |                        |                        |                        |                        |                        |
| - considered good   | 2,434.03               | 151.88                 | 1,689.69               | 157.63                 | -                      |
| - considered non performing assets  | 52.97                  | 15.62                  | 0.60                   | -                      | -                      |
|   | <u>2,487.00</u>        | <u>167.50</u>          | <u>1,690.29</u>        | <u>157.63</u>          | <u>-</u>               |
| Security Deposits   |                        |                        |                        |                        |                        |
| Rental deposits   | 3.67                   | 1.49                   | 1.16                   | -                      | -                      |
| Other loans and advances  |                        |                        |                        |                        |                        |
| Unamortised loan origination costs  | 78.59                  | 85.73                  | 38.63                  | 3.87                   | -                      |
| Advance income taxes (net of provision for Tax Rs.0.58 million in year 2017, Rs.0.58 million in year 2016, Rs.0.17 million in year 2015, Rs 0.58 million in year 2014 and Rs. Nil in year 2013) | 0.05                   | 0.05                   | 0.19                   | 0.20                   | -                      |
|   | <u>2,569.31</u>        | <u>254.77</u>          | <u>1,730.27</u>        | <u>161.70</u>          | <u>-</u>               |
|   | <u><u>7,706.41</u></u> | <u><u>8,008.42</u></u> | <u><u>4,195.48</u></u> | <u><u>287.46</u></u>   | <u><u>-</u></u>        |
| <b>2.13 Other non-current assets</b>  |                        |                        |                        |                        |                        |
| Deferred Consideration on loan transfer transactions  | 42.00                  | 1.87                   | -                      | -                      | -                      |
|   | <u>42.00</u>           | <u>1.87</u>            | <u>-</u>               | <u>-</u>               | <u>-</u>               |





# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

|  | For the year<br>ended<br>31 March 2017 | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 | For the year<br>ended<br>31 March 2014 | For the year<br>ended<br>31 March 2013 |
|--|--|--|--|--|--|
| <b>2.18 Fee and commission income</b>            |  |  |  |  |  |
| Loan processing fees and other fees              | 187.20                                 | 80.97                                  | 18.87                                  | 0.27                                   | -                                      |
|  | <u>187.20</u>                          | <u>80.97</u>                           | <u>18.87</u>                           | <u>0.27</u>                            | <u>-</u>                               |
| <b>2.19 Income from treasury and investments</b> |  |  |  |  |  |
| Profit on sale of current investment             | -                                      | -                                      | -                                      | 4.33                                   | 0.40                                   |
| Loss on sale of non current investments          | -                                      | -                                      | -                                      | -                                      | (0.81)                                 |
| Dividend on non current investments              |  |  |  |  | 0.04                                   |
|  | <u>-</u>                               | <u>-</u>                               | <u>-</u>                               | <u>4.33</u>                            | <u>(0.37)</u>                          |
| <b>2.20 Interest Income</b>                      |  |  |  |  |  |
| On loans   | 2,338.10                               | 1,532.53                               | 433.32                                 | 15.73                                  | 0.40                                   |
| On fixed deposits                                | 0.02                                   | -                                      | -                                      | -                                      | -                                      |
| On others ^                                      | 0.04                                   | 0.04                                   | -                                      | -                                      | 0.00                                   |
|  | <u>2,338.16</u>                        | <u>1,532.57</u>                        | <u>433.32</u>                          | <u>15.73</u>                           | <u>0.40</u>                            |
| <b>2.21 Other income</b>                         |  |  |  |  |  |
| Miscellaneous income                             | 9.98                                   | 1.18                                   | 0.30                                   | -                                      | -                                      |
|  | <u>9.98</u>                            | <u>1.18</u>                            | <u>0.30</u>                            | <u>-</u>                               | <u>-</u>                               |

^- Amount is less than 0.01 million

# Edelweiss Retail Finance Limited

## Notes to the Reformatted Financial Information (Continued)

## Annexure V

(Currency : Indian Rupees in Millions)

|  | ended<br>31 March 2017 | ended<br>31 March 2016 | ended<br>31 March 2015 | ended<br>31 March 2014 | ended<br>31 March 2013 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>2.22 Employee benefits expense</b>                  |                        |                        |                        |                        |                        |
| Salaries and wages (refer note 2.28)                   | 198.29                 | 45.95                  | 31.84                  | 0.11                   | 0.02                   |
| Contribution to provident and other funds ^            | 7.68                   | 2.60                   | 0.31                   | 0.00                   | -                      |
| Staff welfare expenses                                 | 9.74                   | 0.77                   | 0.01                   | -                      | -                      |
|  | <u>215.71</u>          | <u>49.32</u>           | <u>32.16</u>           | <u>0.11</u>            | <u>0.02</u>            |
| <b>2.23 Finance costs</b>                              |                        |                        |                        |                        |                        |
| Interest on debentures                                 | 434.60                 | 291.40                 | 0.07                   | -                      | -                      |
| Interest on Subordinated Debt                          | 23.18                  | 13.68                  | -                      | -                      | -                      |
| Interest on term loan                                  | 557.09                 | 163.82                 | 0.77                   | -                      | -                      |
| Interest on bank overdraft                             | 19.67                  | 6.90                   | 0.48                   | -                      | -                      |
| Interest on loan from related party                    | 112.07                 | 271.71                 | 180.59                 | 6.10                   | -                      |
| Discount on Non Convertible Debentures                 | 9.72                   | 6.33                   | -                      | -                      | -                      |
| Interest on shortfall in payment of Advance Income Tax | 1.19                   | -                      | -                      | 0.01                   | 0.01                   |
| Bank charges^  | 3.67                   | 35.50                  | 1.38                   | 0.00                   | -                      |
| Interest - others                                      | -                      | 3.82                   | 1.69                   | -                      | -                      |
|  | <u>1,161.19</u>        | <u>793.16</u>          | <u>184.98</u>          | <u>6.11</u>            | <u>0.01</u>            |
| <b>2.24 Other expenses</b>                             |                        |                        |                        |                        |                        |
| Advertisement and business promotion                   | 3.07                   | 1.90                   | -                      | -                      | -                      |
| Auditors' remuneration (refer below)                   | 1.62                   | 0.81                   | 0.24                   | 0.25                   | 0.20                   |
| Bad- debts and advances written off                    | 225.54                 | 1.78                   | -                      | -                      | -                      |
| Commission and brokerage                               | 0.94                   | 0.08                   | 0.05                   | -                      | -                      |
| Communication  | 1.35                   | 0.36                   | -                      | -                      | -                      |
| Computer software                                      | 0.05                   | 0.23                   | -                      | -                      | -                      |
| Directors' sitting fees                                | 0.40                   | -                      | -                      | -                      | -                      |
| Donation   | 0.50                   | 0.05                   | -                      | -                      | -                      |
| Electricity charges (Refer note 2.31)                  | 1.41                   | 0.60                   | 0.10                   | -                      | -                      |
| Insurance  | -                      | -                      | 0.06                   | -                      | -                      |
| Legal and professional fees                            | 149.12                 | 159.63                 | 66.85                  | 9.57                   | 0.05                   |
| Membership and subscription ^                          | -                      | -                      | 0.00                   | -                      | -                      |
| Loan origination costs amortised                       | 196.18                 | 90.48                  | 24.87                  | 0.42                   | -                      |
| Office expenses ^                                      | 1.60                   | 2.87                   | 0.16                   | -                      | 0.00                   |
| Printing and stationery ^                              | 1.63                   | 0.73                   | 0.26                   | -                      | 0.00                   |
| Provision for standard assets                          | 9.65                   | 28.00                  | 12.72                  | 1.57                   | (0.08)                 |
| Provision for restructured advances                    | 2.91                   | 1.25                   | -                      | -                      | -                      |
| Provision for non performing assets                    | (23.79)                | 26.69                  | 1.40                   | -                      | -                      |
| Provision for credit loss on securitisation            | 30.14                  | 5.60                   | -                      | -                      | -                      |
| Rates and taxes ^                                      | 0.27                   | 0.19                   | 0.00                   | 0.00                   | 0.01                   |
| Rating Support Fees                                    | 12.50                  | 28.50                  | -                      | -                      | -                      |
| Rent (Refer note 2.31)                                 | 10.25                  | 7.30                   | 0.90                   | -                      | -                      |
| Repairs and maintenance - others                       | 0.61                   | 0.20                   | 0.01                   | -                      | -                      |
| ROC expenses   | (0.07)                 | 1.61                   | 1.94                   | 0.17                   | -                      |
| Service tax expenses                                   | 21.31                  | 21.85                  | 4.05                   | -                      | -                      |
| Stamp duty   | 7.73                   | 7.88                   | 3.29                   | 0.63                   | -                      |
| Travelling and conveyance ^                            | 9.39                   | 3.02                   | 0.35                   | -                      | 0.00                   |
| Miscellaneous expenses ^                               | 1.51                   | 0.79                   | 0.13                   | 0.00                   | -                      |
| Dematerialization Charges^                             | -                      | -                      | -                      | -                      | 0.00                   |
|  | <u>665.82</u>          | <u>392.40</u>          | <u>117.38</u>          | <u>12.61</u>           | <u>0.18</u>            |
| <b>Auditors' remuneration:</b>                         |                        |                        |                        |                        |                        |
| For Statutory audit and limited review                 | 1.43                   | 0.70                   | 0.22                   | 0.20                   | 0.20                   |
| For other services (certification)                     | 0.08                   | 0.08                   | 0.02                   | 0.05                   | -                      |
| For reimbursement of expenses                          | 0.11                   | 0.03                   | -                      | -                      | -                      |
|  | <u>1.62</u>            | <u>0.81</u>            | <u>0.24</u>            | <u>0.25</u>            | <u>0.20</u>            |

^- Amount is less than 0.01 million

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

## 2.25 Segment reporting

The Company is registered with the Reserve Bank of India as a Non Banking Financial Company engaged in the business of lending and financing. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 for the year ended March 31, 2017 and March 31, 2016

However, For the year ended 31 March 2015 the Company was engaged in single segment of financing business and there are no separate reportable segments as defined in AS – 17.

For the year ended 31 March 2014 and 31 March 2013 the Company's business was organised and management reviews the performance based on the business segments as mentioned below:

| Segment                | Activities Covered   |
|------------------------|--|
| Capital based business | Income from treasury operations, income from investments and dividend income |
| Financing business     | Financing  |

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

The following table gives information on segment assets and liabilities as at March 31, 2015, March 31, 2014 and March 31, 2013 and the segment revenue, expenses and result for the year ended on that date:

| Particulars   | For the Year Ended<br>March 31, 2015 | For the Year Ended<br>March 31, 2014 | For the Year Ended<br>March 31, 2013 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>I Segment Revenue</b>  |                                      |                                      |                                      |
| a) Capital based business   | -                                    | 4.33                                 | (0.37)                               |
| b) Financing business   | 452.49                               | 16.00                                | 0.40                                 |
| c) Unallocated  | -                                    | -                                    | -                                    |
| <b>Total Income</b>   | 452.49                               | 20.33                                | 0.03                                 |
| <b>II Segment Results</b>   |                                      |                                      |                                      |
| a) Capital based business   | -                                    | 1.59                                 | (0.42)                               |
| b) Financing business   | 117.97                               | 0.80                                 | 0.44                                 |
| c) Unallocated  | -                                    | (0.89)                               | (0.20)                               |
| <b>Total</b>  | 117.97                               | 1.50                                 | (0.18)                               |
| <b>Profit before taxation</b>   | 117.97                               | 1.50                                 | (0.18)                               |
| Less : Provision for taxation   | 41.41                                | 0.52                                 | (4.40)                               |
| <b>Profit after taxation</b>  | 76.56                                | 0.98                                 | (4.58)                               |
| Particulars   | As at March 31, 2015                 | As at March 31, 2014                 | As at March 31, 2013                 |
| <b>III Segment Assets</b>   |                                      |                                      |                                      |
| a) Capital based business   | -                                    | 0.26                                 | 58.60                                |
| b) Financing business   | 5,680.20                             | 640.70                               | 0.18                                 |
| c) Unallocated  | -                                    | 0.56                                 | -                                    |
| <b>Total</b>  | 5,680.20                             | 641.52                               | 58.78                                |
| <b>IV Segment Liabilities</b>   |                                      |                                      |                                      |
| a) Capital based business   | -                                    | 45.14                                | -                                    |
| b) Financing business   | 4,444.73                             | 385.60                               | -                                    |
| c) Unallocated  | -                                    | 1.39                                 | 0.36                                 |
| <b>Total</b>  | 4,444.73                             | 432.13                               | 0.36                                 |
| Capital Employed  |                                      |                                      |                                      |
| a) Capital based business   | -                                    | -                                    | -                                    |
| b) Financing business   | -                                    | -                                    | -                                    |
| c) Unallocated  | -                                    | -                                    | -                                    |
| <b>Total</b>  | -                                    | -                                    | -                                    |
| <b>V Capital Expenditure ( Including Capital Work-In-Progress )</b>               |                                      |                                      |                                      |
| a) Capital based business   | -                                    | -                                    | -                                    |
| b) Financing business   | -                                    | -                                    | -                                    |
| c) Unallocated  | -                                    | -                                    | -                                    |
| <b>Total</b>  | -                                    | -                                    | -                                    |
| <b>VI Depreciation and Amortisation</b>   |                                      |                                      |                                      |
| a) Capital based business   | -                                    | -                                    | -                                    |
| b) Financing business   | -                                    | -                                    | -                                    |
| c) Unallocated  | -                                    | -                                    | -                                    |
| <b>Total</b>  | -                                    | -                                    | -                                    |
| <b>VII Significant Non-Cash Expenses Other than Depreciation and Amortisation</b> |                                      |                                      |                                      |
| a) Capital based business   | -                                    | -                                    | -                                    |
| b) Financing business   | 14.12                                | 1.56                                 | -                                    |
| c) Unallocated  | -                                    | -                                    | -                                    |
| <b>Total</b>  | 14.12                                | 1.56                                 | -                                    |

## Notes to the Reformatted Financial Information (Continued)

## 2.26 Related Parties as per AS 18

## (i) List of related parties and relationship:

| Particulars   | As at March 31, 2017   | As at March 31, 2016  | As at March 31, 2015   | As at March 31, 2014   | As at March 31, 2013                              |
|---|--|---|--|--|---|
| Name of related parties by whom control is exercised          | Edelcap Securities Limited - Holding Company<br>Edelweiss Financial Services Limited – Ultimate holding Company  | Edelcap Securities Limited - Holding Company<br>Edelweiss Financial Services Limited – Ultimate holding Company   | Edelcap Securities Limited -Holding company<br>Edelweiss Financial Services Limited – Ultimate holding company   | Edelcap Securities Limited -Holding company<br>Edelweiss Financial Services Limited – Ultimate holding company | Edelcap Securities Limited -Holding company       |
| Fellow Subsidiaries (with whom transactions have taken place) | Auris Corporate Centre Limited<br>ECL Finance Limited<br>EdelGive Foundation<br>Edelweiss Commodities Services Limited<br>Edelweiss Housing Finance Limited<br>Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)<br>EFSL Trading Limited (Formerly known as EFSL Commodities Limited )<br>Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited)<br>Edelweiss Investment Adviser Limited<br>Eternity Business Centre Limited<br>Edelweiss Finance & Investments Limited<br>Edelweiss Securities Limited | Auris Corporate Centre Limited<br>ECL Finance Limited<br>EdelGive Foundation<br>Edelweiss Commodities Services Limited<br>Edelweiss Housing Finance Limited<br>Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)<br>EFSL Trading Limited (Formerly known as EFSL Commodities Limited )<br>Edelweiss Securities Limited<br>Edelcap Securities Limited | Edelcap Securities Limited<br>Edelweiss Commodities Services Limited<br>Edelweiss Finance & Investments Limited<br>Edelweiss Financial Services Limited<br>Edelweiss Housing Finance Limited<br>Edelweiss Securities Limited<br>Edelweiss Web Services Limited<br>EFSL Commodities Limited | Edelweiss Housing Finance Limited<br>Edelweiss Securities Limited  |   |
| Key Management Personnel                                      | Mr. Arun Kumar Nayyar  | Mr. Arun Kumar Nayyar   |  |  | Anjan Chatterji (From April 2012 to 18 July 2012) |

## Notes to the Reformatted Financial Information (Continued)

## 2.26 Related Parties as per AS 18(..continued)

## (ii) Transactions with related parties

| Nature of Transaction                               | Related Party Name  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|---|---|-------------------------------------|-------------------------------------|
| <b>Capital Account Transaction during the year:</b> |   |                                     |                                     |
| Equity shares issued to                             | Edelcap Securities Limited  | -                                   | 96.00                               |
|   | Edelweiss Financial Services Limited                                      | -                                   | 46.92                               |
|   | Edelweiss Finvest Private Limited<br>(Formerly known as Arum Investments) | 30.00                               | -                                   |
| Securities premium received from                    | Edelweiss Financial Services Limited                                      | -                                   | 361.26                              |
|   | Edelcap Securities Limited  | -                                   | 623.97                              |
|   | Edelweiss Finvest Private Limited<br>(Formerly known as Arum Investments) | 234.00                              | -                                   |
| Assignment of loan portfolio from                   | Edelweiss Housing Finance Limited   | 1,005.91                            | -                                   |
| <b>Current account transactions:</b>                |   |                                     |                                     |
| Loans taken from (refer note 2.26A(1))              | Edelweiss Financial Services Limited                                      | 333.02                              | 2,426.90                            |
|   | Edelweiss Commodities Services Limited                                    | 3,472.40                            | -                                   |
| Loans repaid to (refer note 2.26A(1))               | Edelweiss Financial Services Limited                                      | 429.13                              | 2,733.65                            |
|   | Edelweiss Commodities Services Limited                                    | 2,739.93                            | -                                   |
|   | EFSL Trading Limited (Formerly known as<br>EFSL Commodities Limited )     | 290.00                              | 2,500.00                            |
| Repayment of loans by (refer note 2.26A(1))         | Edelweiss Securities Limited  | -                                   | 7.50                                |
| Interest expenses                                   | EFSL Trading Limited (Formerly known as<br>EFSL Commodities Limited )     | 7.03                                | 151.52                              |
|   | Edelweiss Financial Services Limited                                      | 1.93                                | 120.19                              |
|   | Edelweiss Commodities Services Limited                                    | 103.11                              | -                                   |
| Legal & Professional Fees                           | Edelweiss Housing Finance Limited   | 48.87                               | 57.51                               |
|   | Edelweiss Business Services Limited<br>(Formerly known as Edelweiss Web   | 0.24                                | -                                   |
| Interest received on loan from                      | Edelweiss Securities Limited  | -                                   | 0.39                                |
| Reimbursement paid to                               | Edelweiss Financial Services Limited                                      | 65.76                               | 180.88                              |
|   | Edelweiss Business Services Limited<br>(Formerly known as Edelweiss Web   | 71.84                               | 0.01                                |
| Cost reimbursement paid to                          | Edelweiss Financial Services Limited                                      | 1.92                                | 13.70                               |
|   | Edelweiss Business Services Limited<br>(Formerly known as Edelweiss Web   | 0.06                                | 0.06                                |
|   | Edelweiss Commodities Services Limited                                    | 0.32                                | 1.74                                |
|   | Eternity Business Centre Limited  | 0.36                                | -                                   |

## Notes to the Reformatted Financial Information (Continued)

## 2.26 Related Parties as per AS 18(..continued)

## (ii) Transactions with related parties

| Nature of Transaction   | Related Party Name   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|---|--|-------------------------------------|-------------------------------------|
| Commission & Brokerage Exps                                   | Edelweiss Investment Adviser Limited                               | 0.95                                | -                                   |
| Rent paid to  | Auris Corporate Centre Limited                                     | -                                   | 3.88                                |
|   | Edelweiss Commodities Services Limited                             | 1.84                                | -                                   |
|   | Eternity Business Centre Limited                                   | 5.88                                | -                                   |
| Donation  | EdelGive Foundation  | 0.50                                | 0.05                                |
| Rating fee paid   | Edelweiss Financial Services Limited                               | 12.50                               | 28.50                               |
| Remuneration paid to (refer note 2.26A(2) & note 2.26A(3))    | Mr. Arun Kumar Nayyar  | 25.67                               | 7.36                                |
| Director sitting fees   | Mr. Mitul Shah   | 0.20                                |                                     |
|   | Mr. Sanjay Shah  | 0.20                                |                                     |
| Director nomination deposit received from                     | Edelcap Securities Limited   | 0.30                                | 0.10                                |
| Prepaid Exps  | Edelweiss Financial Services Limited                               | 0.71                                | -                                   |
| <b>Balances with related parties:<br/>Liabilities</b>         |  |                                     |                                     |
| Short term borrowings from                                    | Edelweiss Financial Services Limited                               | -                                   | 96.11                               |
| (refer note 2.26A(1))   | Edelweiss Commodities Services Limited                             | 732.47                              | -                                   |
| Long term borrowings from (refer note 2.26A(1))               | EFSL Trading Limited (Formerly known as EFSL Commodities Limited ) | -                                   | 290.00                              |
| Interest accrued and due on borrowings from                   | Edelweiss Financial Services Limited                               | -                                   | 5.45                                |
|   | EFSL Trading Limited (Formerly known as EFSL Commodities Limited ) | 0.49                                | 1.70                                |
| Trade Payables  | Auris Corporate Centre Limited                                     | -                                   | 4.05                                |
|   | Edelweiss Financial Services Limited                               | -                                   | 32.63                               |
|   | Edelweiss Housing Finance Limited                                  | 51.46                               | 60.10                               |
|   | Edelcap Securities Limited   | -                                   | 0.10                                |
|   | (Formerly known as Edelweiss Web Services Limited)                 | 0.35                                | 0.07                                |
| Nomination deposits - Payables                                | Edelcap Securities Limited   | 0.60                                | -                                   |
| Advances to others  | Edelweiss Finance & Investments Limited                            | 0.03                                | -                                   |
| Nomination deposits - Receivables                             | Edelcap Securities Limited   | 0.10                                | -                                   |
| Receivable from Party   | ECL Finance Limited  |                                     | 1.17                                |
| Remuneration payable to (refer note 2.26A(2) & note 2.26A(3)) | Mr. Arun Kumar Nayyar  | 11.00                               | 7.00                                |
| <b>Off Balance sheet item</b>                                 |  |                                     |                                     |
| Corporate guarantee taken from                                | Edelweiss Financial Services Limited                               | -                                   | 200.00                              |

## Note : 2.26A

- The Intra group Company loans are generally in the nature of revolving demand loans. Loan taken/repaid from/to related parties are disclosed based on the maximum incremental amount taken and repaid during the reporting period.
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis.
- Remunerations to KMPs shall be within the limit prescribed by the Companies Act.

## Notes to the Reformatted Financial Information (Continued)

## 2.26 Related Parties as per AS 18(..continued)

## ii. Transactions with related parties :

| Sr. No. | Nature of Transaction                              | Related Party Name  | For the year ended 31 March 2015      | For the year ended 31 March 2014 |
|---------|--|---|---------------------------------------|----------------------------------|
| 1       | <b>Capital Account Transaction during the year</b> |   |                                       |                                  |
|         | Equity share capital issued to                     | Edelcap Securities Limited  | 126.60                                | 20.00                            |
|         | Securities premium received from                   | Edelcap Securities Limited  | 822.92                                | 130.00                           |
| 2       | <b>Current account transactions</b>                |   |                                       |                                  |
|         | Loans taken from                                   | Edelweiss Financial Services Limited<br>EFSL Commodities Limited  | 3,556.16<br>3,150.00                  | 1,588.05<br>-                    |
|         | Loans repaid to                                    | Edelweiss Financial Services Limited<br>EFSL Commodities Limited  | 3,559.36<br>644.46                    | 1,182.00<br>-                    |
|         | Loans given to                                     | Edelweiss Securities Limited  | -                                     | 77.50                            |
|         | Repayment of loans by                              | Edelweiss Securities Limited  | 20.00                                 | 50.00                            |
| 3       | <b>Interest expenses</b>                           | Edelweiss Financial Services Limited<br>EFSL Commodities Limited  | 166.28<br>14.32                       | 6.10<br>-                        |
| 4       | <b>Advisory Fees paid to</b>                       | Edelweiss Housing Finance Limited   | 24.91                                 | 6.23                             |
| 5       | <b>Interest received on loan from</b>              | Edelweiss Securities Limited  | 1.43                                  | 3.87                             |
| 6       | <b>Reimbursement paid to</b>                       | Edelweiss Financial Services Limited<br>Edelweiss Web Services Limited<br>Edelweiss Commodities Services Limited  | 24.57<br>0.02<br>0.99                 | 0.21<br>-<br>-                   |
| 7       | <b>Director Nomination Deposit recived from</b>    | Edelcap Securities Limited  | 0.10                                  | -                                |
| 8       | <b>Short term borrowings from</b>                  | Edelweiss Financial Services Limited  | 402.86                                | 256.06                           |
| 9       | <b>Long term borrowings from</b>                   | Edelweiss Financial Services Limited<br>EFSL Commodities Limited  | -<br>2,790.00                         | 150.00<br>-                      |
| 10      | <b>Other current liabilities</b>                   |   |                                       |                                  |
|         | Interest accrued and due on borrowings             | Edelweiss Financial Services Limited<br>EFSL Commodities Limited  | 2.70<br>12.88                         | 0.94<br>-                        |
| 11      | <b>Corporate Guarantee taken from</b>              | Edelweiss Financial Services Limited  | 250.00                                | -                                |
| 12      | <b>Trade Payables</b>                              | Edelweiss Housing Finance Limited<br>Edelweiss Financial Services Limited<br>Edelweiss Web Services Limited<br>Edelweiss Commodities Services Limited<br>Edelcap Securities Limited | 25.50<br>0.08<br>0.01<br>0.01<br>0.10 | 6.38<br>-<br>-<br>-<br>-         |
| 13      | <b>Loans and advances</b>                          |   |                                       |                                  |
|         | Unsecured  | Edelweiss Securities Limited  | 7.50                                  | 27.50                            |
| 14      | <b>Other current assets</b>                        |   |                                       |                                  |
|         | Accrued interest income on loans given             | Edelweiss Securities Limited  | 0.04                                  | 0.09                             |

Note 1 : Loan given/taken to/from related parties are disclosed based on the maximum incremental amount given/taken during the

## ii. Transactions with related parties :

| Nature of Transaction               | Related Party Name | For the year ended 31 March 2013 |
|-------------------------------------|--------------------|----------------------------------|
| <b>Current account transactions</b> |                    |                                  |
| Remuneration                        | Anjan Chatterji    | 0.018                            |



## Notes to the Reformatted Financial Information (Continued)

## 2.27 Earnings per share

In accordance with Accounting Standard 20 on earnings per shares as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 for the year ended 31 March 2017 and 31 March 2016, the computation of earnings per share is set out below:

In accordance with Accounting Standard 20 on earnings per share issued by the Companies (Accounts) Rules, 2014 for the year ended 31 March 2015 and 31 March 2014 the computation of earnings per share is set out below.

In accordance with Accounting Standard 20 on earnings per share issued by the Companies (Accounting Standards) Rules, 2006, for the year ended 31 March 2013 the computation of earnings per share is set out below:

| Particulars   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 | For the year ended<br>31 March 2013 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| a) Shareholders earnings (as per statement of profit and loss)  | 319.46                              | 247.02                              | 76.56                               | 0.97                                | (4.58)                              |
| b) Calculation of weighted average number of Equity Shares of Rs. 10 each:                                  |                                     |                                     |                                     |                                     |                                     |
| Number of equity shares outstanding at the beginning of the year  | 2,99,50,000                         | 1,56,58,833                         | 29,98,500                           | 9,98,500                            | 9,98,500                            |
| Number of equity shares issued during the year  | 30,00,000                           | 1,42,91,167                         | 1,26,60,333                         | 20,00,000                           | Nil                                 |
| Total number of equity shares outstanding at the end of the year  | 3,29,50,000                         | 2,99,50,000                         | 1,56,58,833                         | 29,98,500                           | 9,98,500                            |
| Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | 3,17,00,685                         | 2,01,12,730                         | 1,13,99,777                         | 10,20,418                           | 9,98,500                            |
| Basic and diluted earnings per share (in Rupees) (a/b)  | 10.08                               | 12.28                               | 6.72                                | 0.96                                | (4.58)                              |

The basic and diluted earnings per share are the same as there are no dilutive potential equity shares issued or outstanding at the year end

## 2.28 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits

## A) Defined contribution plan (Provident fund):

Amount of Rs.5.73 million in Financial Year 2016-17, Rs.1.69 million in Financial Year 2015-16, Rs.0.28 million in Financial Year 2014-15 and Rs.Nil in Financial Year 2013-14 and Financial Year 2012-13 respectively is recognised as expenses and included in "Employee benefit expenses".

## B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net employee benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

## Statement of profit and loss

## Net employee benefit expenses recognized in the statement of profit &amp; loss

| Particulars                                   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Current service cost                          | 0.86                                | 0.60                                | 0.01                                |
| Interest on defined benefit obligation        | 0.16                                | 0.09                                | -                                   |
| Past service cost                             | -                                   | -                                   | -                                   |
| Actuarial losses                              | 0.72                                | 0.22                                | 0.02                                |
| Total included in 'Employee Benefit Expenses' | 1.74                                | 0.91                                | 0.03                                |

## Balance Sheet

## Reconciliation of Defined Benefit Obligation (DBO) are as follows:

| Particulars                           | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Present value of DBO at start of year | 2.11                                | 0.03                                | -                                   |
| Interest cost                         | 0.16                                | 0.09                                | -                                   |
| Current service cost                  | 0.86                                | 0.60                                | 0.01                                |
| Employee Transfer in adjustment       | 0.03                                | 1.17                                | -                                   |
| Benefit paid                          | (0.24)                              | -                                   | -                                   |
| Actuarial (gain)/loss:                | 0.72                                | 0.22                                | 0.02                                |
| Present value of DBO at end of year   | 3.64                                | 2.11                                | 0.03                                |

## Notes to the Reformatted Financial Information (Continued)

## Changes in the fair value of plan assets are as follows:

| Particulars   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Fair value of plan assets at the beginning of the year  | -                                   | -                                   | -                                   |
| Acquisition adjustment                                  | -                                   | -                                   | -                                   |
| Expected return on plan asset                           | -                                   | -                                   | -                                   |
| Contributions   | -                                   | -                                   | -                                   |
| Benefits paid   | -                                   | -                                   | -                                   |
| Actuarial gain/(loss):                                  | -                                   | -                                   | -                                   |
| <b>Fair value of plan assets at the end of the year</b> | -                                   | -                                   | -                                   |

## Net liability / (asset) recognised in the Balance Sheet

| Particulars  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Present value of DBO   | 3.64                                | 2.11                                | 0.03                                |
| Fair value of plan assets                                      | -                                   | -                                   | -                                   |
| <b>Amount recognized in balance sheet - assets/(liability)</b> | <b>(3.63)</b>                       | <b>(2.11)</b>                       | <b>(0.03)</b>                       |
| <b>Of which, short term provision</b>                          | <b>0.50</b>                         | <b>0.00</b>                         | <b>-</b>                            |

## 2.28 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits (..continued)

## Experience adjustment :

| Particulars                       | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 |
|-----------------------------------|------------------------|------------------------|------------------------|
| Defined Benefit Obligation        | 3.63                   | 2.11                   | 0.03                   |
| Fair value of plan assets         | -                      | -                      | -                      |
| Surplus / (Deficit)               | (3.63)                 | (2.11)                 | -0.03                  |
| On plan liabilities: (gain)/ loss | 0.57                   | 0.17                   | -                      |

## Principle actuarial assumptions at the balance sheet date:

| Particulars  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|------------------------|
| Discount rate current                                | 6.60%                  | 7.40%                  | 7.80%                  |
| Salary escalation current                            | 7.00%                  | 7.00%                  | 7.00%                  |
| Employees attrition rate (based on categories)       | 13-60%                 | 13-60%                 | 13-60%                 |
| Mortality Rate                                       | IALM 2006-08 (Ult.)    | IALM 2006-08 (Ult.)    |                        |
| Expected average remaining working life of employees | 3 years                | 4 years                |                        |

## Notes to the Reformatted Financial Information (Continued)

## 2.29 Contingent liabilities and commitments

- a) The Company's contingent liabilities as at the balance sheet date is Rs Nil for the year ended 31 March, 2017, 31 March, 2016, 31 March, 2015, 31 March 2014 and 31 March 2013 respectively.  
Corporate guarantee given by the Company in relation to securitisation transaction is Rs. 322.58 million for the year ended 31 March, 2017, Rs 22.22 million for the year ended 31 March, 2016, Rs Nil for the year ended 31 March, 2015, 31 March 2014 and 31 March 2013 respectively.

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with income tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations for the year ended March 2016 and March 2017.

| b) | Particulars  | As at         | As at         | As at         |
|----|--|---------------|---------------|---------------|
|    |  | 31 March 2017 | 31 March 2016 | 31 March 2015 |
|    | Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for | 1.02          | 0.9           | 0.12          |

| c) | Particulars                    | As at         | As at         | As at         |
|----|--------------------------------|---------------|---------------|---------------|
|    |                                | 31 March 2017 | 31 March 2016 | 31 March 2015 |
|    | Undrawn committed credit lines | 59.73         | 336.94        | 416.09        |

## 2.30 Details of purchase, sale and change in inventory

| Particulars                                | Amount outstanding     |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2014 | As at<br>31 March 2013 |
| <b>Opening Stock</b>                       |                        |                        |
| Equity Shares                              | -                      | 5.00                   |
|  | -                      | <b>5.00</b>            |
| <b>Purchase</b>                            |                        |                        |
|  | -                      | -                      |
| <b>Sale</b>                                |                        |                        |
| Equity Shares                              | -                      | 5.00                   |
|  | -                      | <b>5.00</b>            |
| <b>Closing Stock</b>                       |                        |                        |
|  | -                      | -                      |
| <b>Profit/(Loss) on sale of securities</b> | <b>NIL</b>             | <b>NIL</b>             |

## 2.31 Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other Companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.22 and 2.24 include reimbursements paid and are net of reimbursements received based on the management's best estimate

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**2.32 Details of dues to micro enterprise and small enterprise**

Trade payables includes Rs Nil for the year ended 31 March, 2017, 31 March, 2016, 31 March, 2015, 31 March 2014 and 31 March 2013 respectively payable to “suppliers” registered under the micro, small and medium enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to “suppliers” registered under this Act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

- 2.33 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At each year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts. The Company has not entered into any derivatives contracts during the year.

**2.34 Details of Unsecured non-convertible redeemable subordinated debt**

Following are the details of the unsecured debentures issued

**As at 31 March 2017**

| Rate of interest | > 3 Years     | 2 - 3 Years | 1 - 2 Years | < 1 Year | Total         |
|------------------|---------------|-------------|-------------|----------|---------------|
| 9.95%            | 120.00        | -           | -           | -        | 120.00        |
| 11.50%           | 140.00        | -           | -           | -        | 140.00        |
| <b>Total</b>     | <b>260.00</b> | <b>-</b>    | <b>-</b>    | <b>-</b> | <b>260.00</b> |

**As at 31 March 2016**

| Rate of interest | > 3 Years     | 2 - 3 Years | 1 - 2 Years | < 1 Year | Total         |
|------------------|---------------|-------------|-------------|----------|---------------|
| <b>11.50%</b>    | <b>140.00</b> | <b>-</b>    | <b>-</b>    | <b>-</b> | <b>140.00</b> |

**2.35 Details of Secured non-convertible debentures issued**

- a) Following are details of the repayment terms of secured debentures issued

**As at 31 March 2017**

| Rate of interest | <1 year         | 1-3 years | > 3 years*      | Total           |
|------------------|-----------------|-----------|-----------------|-----------------|
| Zero coupon bond | 250.00          | -         | -               | <b>250.00</b>   |
| 9%               | 750.00          | -         | 2,000.00        | <b>2,750.00</b> |
| <b>Total</b>     | <b>1,000.00</b> | <b>-</b>  | <b>2,000.00</b> | <b>3,000.00</b> |

\*Premium on redemption of debentures amounting to Rs. 58.17 million payable at maturity is not included above.

**As at 31 March 2016**

| Rate of interest | > 2 Years       | 1 - 2 Years     | < 1 Year        | Total           |
|------------------|-----------------|-----------------|-----------------|-----------------|
| Zero coupon bond | -               | 250.00          | -               | <b>250.00</b>   |
| 9%               | 2,000.00        | 750.00          | 2,000.00        | <b>4,750.00</b> |
| <b>Total</b>     | <b>2,000.00</b> | <b>1,000.00</b> | <b>2,000.00</b> | <b>5,000.00</b> |

**As at 31 March 2015**

| S.no. | Issue Date/Date of Allotment | Date of Redemption | Coupon Rate | Face Value per Debenture | Amount outstanding as at 31st March 2015 |
|-------|------------------------------|--------------------|-------------|--------------------------|--|
| 1     | 31st March, 2015             | 30th March, 2018   | 0%          | 10,00,000                | 250.00                                   |

- b) Debenture redemption reserve for the year 2017 and 2016 is not created for 5,000 Secured redeemable non convertible debentures of face value of Rs. 1,000,000/- each pursuant to the Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014 exempting NBFCs from creation of debenture redemption reserve in respect of privately placed debentures

No Debenture redemption reserve for the year 2015 is being created for issue of 250 Secured Rated Listed Non-Convertible Debentures of Rs 1,000,000/- each. The Ministry of Company Affairs has wide General Circular No. 11/02/2012-CL-V (A) dated February, 11th, 2013 clarified that NBFCs need not create debenture redemption reserve as specified under section 117C of the Companies Act, 1956 in respect of privately placed debentures.

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

c) Debt equity and asset cover Ratio:

## i) Debt equity ratio

| Particulars   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Shareholder's fund</b>                                   |                        |                        |                        |
| Paid up capital-equity                                      | 329.50                 | 299.50                 | 156.59                 |
| Add: Reserve and surplus                                    | 2,805.43               | 2,311.13               | 1,078.88               |
| Less: Deferred tax asset                                    | (21.92)                | (10.74)                |                        |
| Less : Deferred Revenue Expenditure (Loan Originating Cost) | (182.68)               |                        |                        |
| <b>Equity (A)</b>   | <b>2,930.33</b>        | <b>2,599.89</b>        | <b>1,235.47</b>        |
| <b>Debt</b>   |                        |                        |                        |
| Long-term borrowings  | 6,646.75               | 7,726.86               | 3,540.00               |
| Short-term borrowings                                       | 1,751.00               | 556.35                 | 502.86                 |
| Current maturities of long term debt                        | 2,520.83               | 2,486.46               | -                      |
| <b>Debt (B)</b>   | <b>10,918.58</b>       | <b>10,769.67</b>       | <b>4,042.86</b>        |
| <b>Debt equity ratio (B/A)</b>                              | <b>3.73</b>            | <b>4.14</b>            | <b>3.27</b>            |

## ii) Asset cover ratio

| Particulars                                  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Assets available</b>                      |                        |                        |                        |
| Loans and advances (A)                       | 14,736.56              | 13,959.49              | 5,514.56               |
| <b>Debt</b>                                  |                        |                        |                        |
| Long-term secured borrowings                 | 6,386.75               | 7,296.86               | 750.00                 |
| Short-term secured borrowings                | 1,018.53               | 460.24                 | 100.00                 |
| Current maturities of secured long term debt | 2,520.83               | 2,486.46               | -                      |
| <b>Total (B)</b>                             | <b>9,926.11</b>        | <b>10,243.56</b>       | <b>850.00</b>          |
| <b>Asset cover (A/B)</b>                     | <b>1.48 :1</b>         | <b>1.36 :1</b>         | <b>6.49 :1</b>         |

## 2.36 Details of term loan from bank

## As at 31 March 2017

| Rate of interest | Maturity        |                 |                 | Total           |
|------------------|-----------------|-----------------|-----------------|-----------------|
|                  | < 1 Year        | 1 - 3 Years     | > 3 Years       |                 |
| 8.00 - 8.99%     | 562.50          | 1,125.00        | 434.05          | 2,121.55        |
| 9.00% to 9.99%   | 808.33          | 1,616.67        | 828.13          | 3,253.13        |
| 10.00% to 10.99% | 150.00          | 300.00          | 24.73           | 474.73          |
| <b>Total</b>     | <b>1,520.83</b> | <b>3,041.67</b> | <b>1,286.91</b> | <b>5,849.41</b> |

## As at 31 March 2016

| Rate of interest | < 1 Year      | 1 - 3 Years     | > 3 Years       | Total           |
|------------------|---------------|-----------------|-----------------|-----------------|
| 9.00% to 9.99%   | 100.00        | 175.00          | -               | 275.00          |
| 10.00% to 10.99% | 386.46        | 2,274.98        | 1,846.88        | 4,508.31        |
| <b>Total</b>     | <b>486.46</b> | <b>2,449.98</b> | <b>1,846.88</b> | <b>4,783.31</b> |

## As at 31 March 2015

| Rate of interest | < 1 Year | 1 - 3 Years   | > 3 Years     | Total         |
|------------------|----------|---------------|---------------|---------------|
| 11.25%           | -        | 250.00        | 250.00        | 500.00        |
| <b>Total</b>     | <b>-</b> | <b>250.00</b> | <b>250.00</b> | <b>500.00</b> |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**2.37 Foreign currency**

The Company has not undertaken any foreign currency transaction during the reporting periods.

**2.38 Key ratios**

The following table sets forth, for the periods indicated, the key financial ratios

| Particulars   | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Gross NPAs as a percentage of total advance         | 0.42%                               | 0.28%                               | 0.03%                               |
| Net NPAs as a percentage of total advance           | 0.36%                               | 0.07%                               | 0.00%                               |
| Book value per share (Rs.) <sup>1</sup>             | 88.93                               | 80.95                               | 78.90                               |
| Current ratio <sup>2</sup>                          | 1.42                                | 1.61                                | 1.72                                |
| Debt to equity ratio (refer note 2.32) <sup>3</sup> | 3.73                                | 4.44                                | 3.27                                |
| Return on average equity <sup>4</sup> (%)           | 11.93%                              | 13.77%                              | 10.58%                              |
| Return on average assets <sup>5</sup> (%)           | 2.13%                               | 2.44%                               | 2.42%                               |

1. Book value per share = Equity share capital (+) Reserves and surplus (-) Deferred tax assets (-) Deferred Revenue Expenditure / Outstanding number of equity shares.

2. Current ratio = Current assets/Current liabilities.

3. Debt-Equity ratio = Total Debt/ Total Equity

Debt = Long term borrowings (+) Short term borrowings (+) Current maturity of long term borrowings

Total Equity = Equity Share Capital (+) Reserves and Surplus (-) Deferred tax asset (-) Deferred Revenue Expenditure

4. Return on average equity = Profit for the year / [Annual average equity share capital (+) Annual average reserves and surplus less Deferred tax asset].

5. Return on average assets = Profit for the year / Annual average total assets.

**2.39 Banking facilities**

The Company has obtained borrowing facilities from below mentioned banks:

| Sr. no | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|--------|-----------------------------------|-----------------------------------|
| 1      | Kotak Mahindra Bank Ltd           | Kotak Mahindra Bank Ltd           |
| 2      | DCB Bank Ltd                      | DCB Bank Ltd                      |
| 3      | HDFC Bank Ltd                     | HDFC Bank Ltd                     |
| 4      | United Bank of India              | United Bank of India              |
| 5      | Dena Bank                         | Dena Bank                         |
| 6      | Corporation Bank                  | Corporation Bank                  |
| 7      | Punjab & Sind Bank                | Punjab & Sind Bank                |
| 8      | Punjab National Bank              | Punjab National Bank              |
| 9      | Bank of Maharashtra               | Bank of Maharashtra               |
| 10     | State Bank of India               | State Bank of India               |
| 11     | Karnataka Bank                    | State Bank of Patiala             |
| 12     | State Bank of Patiala             |                                   |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**2.40 Capital to risk assets ratio (CRAR)**

| Particulars   | As at         | As at         | As at         |
|---|---------------|---------------|---------------|
|   | 31 March 2017 | 31 March 2016 | 31 March 2015 |
| i) CRAR (%)   | 18.67%        | 18.70%        | 21.74%        |
| ii) CRAR - Tier I capital (%)                             | 17.90%        | 17.68%        | 21.49%        |
| iii) CRAR - Tier II Capital (%)                           | 0.77%         | 1.02%         | 0.25%         |
| iv) Amount of subordinated debt raised as Tier-II capital | 260.00        | 140.00        | Nil           |
| v) Amount raised by issue of perpetual debt instruments   | -             | -             | Nil           |

**2.41 Direct assignment & Securitisation***Financial Year 2017*

The Company sells loans through securitisation and direct assignment.

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below :

|   | As at         | As at         |
|---|---------------|---------------|
|   | 31 March 2017 | 31 March 2016 |
| Total number of loan assets under par structure | 195           | 374           |
| Total book value of loan assets                 | 761.02        | 400.00        |
| Sales consideration received                    | 761.02        | 400.00        |

The information on direct assignment of the Company as an originator in respect of transaction done on premium during the year is given below :

| Particulars                                     | As at         |
|---|---------------|
|   | 31 March 2017 |
| Total number of loan assets under par structure | 1752          |
| Total book value of loan assets                 | 52.16         |
| Sales consideration received                    | 52.70         |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012

| Particulars   | As at<br>31 March 2017 |
|---|------------------------|
| 1 No. of SPVs sponsored by the NBFC for securitisation transactions                                 | 4                      |
| 2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC                 | 2,372.15               |
| 3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | 237.22                 |
| a) Off-balance sheet exposures  |                        |
| - First loss  | 163.35                 |
| - Others  | -                      |
| b) On-balance sheet exposures   |                        |
| - First loss  | 73.87                  |
| - Others  | -                      |
| 4 Amount of exposures to assignment transactions other than   | 194.16                 |
| a) Off-balance sheet exposures  |                        |
| i) Exposure to own securitisations  |                        |
| - First loss  | 159.23                 |
| - Others  | -                      |
| ii) Exposure to third party securitisations   |                        |
| - First loss  | -                      |
| - Others  | -                      |
| b) On-balance sheet exposures   |                        |
| i) Exposure to own securitisations  |                        |
| - First loss  | 34.93                  |
| - Others  | -                      |
| ii) Exposure to third party securitisations   |                        |
| - First loss  | -                      |
| - Others  | -                      |

Amount of exposures to assignment transactions other than MRR

| Particulars   | As at<br>31 March 2017 |
|---|------------------------|
| i) No. of accounts  | -                      |
| ii) Aggregate value (net of provisions) of accounts sold to SC / RC                       | -                      |
| iii) Aggregate consideration  | -                      |
| iv) Additional consideration realized in respect of accounts transferred in earlier years | -                      |
| v) Aggregate gain / loss over net book value  | -                      |



## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**2.41 Direct assignment & Securitisation(continued)****Financial Year 2016**

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below :

|   | <b>As at<br/>31 March 2016</b> |
|---|--------------------------------|
| Total number of loan assets under par structure | 374                            |
| Total book value of loan assets                 | 400.00                         |
| Sales consideration received                    | 400.00                         |

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

|   | <b>As at<br/>31 March 2016</b> |
|---|--------------------------------|
| 1 No. of transactions assigned by the NBFC  | 1                              |
| 2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC                 | 400.00                         |
| 3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | 44.47                          |
| a) Off-balance sheet exposures  |                                |
| - First loss  | -                              |
| - Others  | -                              |
| b) On-balance sheet exposures   |                                |
| - First loss  | 44.47                          |
| - Others  | -                              |
| 4 Amount of exposures to assignment transactions other than MRR                                     | 22.22                          |
| a) Off-balance sheet exposures  |                                |
| i) Exposure to own securitisations  |                                |
| - First loss  | 22.22                          |
| - Others  | -                              |
| ii) Exposure to third party securitisations   |                                |
| - First loss  | -                              |
| - Others  | -                              |
| b) On-balance sheet exposures   |                                |
| i) Exposure to own securitisations  |                                |
| - First loss  | -                              |
| - Others  | -                              |
| ii) Exposure to third party securitisations   |                                |
| - First loss  | -                              |
| - Others  | -                              |

Amount of exposures to assignment transactions other than MRR

|   | <b>As at<br/>31 March 2016</b> |
|---|--------------------------------|
| i) No. of accounts  | -                              |
| ii) Aggregate value (net of provisions) of accounts sold to SC / RC                       | -                              |
| iii) Aggregate consideration  | -                              |
| iv) Additional consideration realized in respect of accounts transferred in earlier years | -                              |
| v) Aggregate gain / loss over net book value  | -                              |

**2.42 Details of non-performing financials assets purchased / sold**

The Company has neither purchased nor sold any non-performing financials assets during the financial year 2017, 2016, 2015, 2014 and 2013 respectively.

**2.43 Derivatives**

The Company has not carried out any derivative transaction during the financial year 2017, 2016, 2015, 2014 and 2013 respectively.

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

## 2.44 Operating leases

The Company has taken premises on operating lease. Terms of the lease include terms for renewal, increase in rents in future periods and term of cancellation. Gross rental expenses aggregated to Rs.10.25 million for the year ended 31 March 2017, Rs 7.30 million for the year ended 31 March 2016 and Rs 0.90 million for the year ended 31 March 2015 has been included under the head Other expenses – Rent in the statement of profit and loss.

Details of future minimum lease payments for the non-cancellable operating lease are as follows:

| Minimum lease payments for non cancellable lease    | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|----------------------------------|----------------------------------|----------------------------------|
| - not later than one year                           | 1.18                             | 1.33                             | 1.98                             |
| - later than one year and not later than five years | -                                | 1.18                             | 1.82                             |
| - later than five year                              | -                                | -                                | -                                |

Future minimum lease payments for the non-cancellable operating lease are before sharing of expenses with group companies.

## 2.45 Exposure to real estate sector, both direct and indirect &amp; exposure to capital market

## a) Exposure to real estate sector, both direct and indirect

| Particulars   | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>A. Direct exposure</b>   |                                  |                                  |                                  |
| (i) <b>Residential mortgages -</b><br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:(Individual housing loans up to Rs. 15 lakh may be shown separately)   | 4,336.32                         | 4,235.55                         | 1,499.72                         |
| (ii) <b>Commercial real estate -</b><br>Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc).<br>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -<br>- Residential<br>- Commercial real estate | 4,839.75<br><br>-<br>-           | 4,001.17<br><br>-<br>-           | 1,077.32<br><br>-<br>-           |
| <b>B. Indirect exposure</b><br>Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)  | -                                | -                                | -                                |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

*b) Exposure to capital market*

| Particulars  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt   | -                                   | -                                   |
| ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds  | -                                   | -                                   |
| iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security  | -                                   | -                                   |
| iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances | -                                   | -                                   |
| v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers  | -                                   | -                                   |
| vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources   | -                                   | -                                   |
| vii) bridge loans to companies against expected equity flows / issues  | -                                   | -                                   |
| viii) all exposures to Venture Capital Funds (both registered and unregistered)  | -                                   | -                                   |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

## 2.46 Asset liability management

## Maturity pattern of certain items of assets and liabilities

## For the year ended 31 March 2017

| Particulars                     | Liabilities           |                        | Assets           |             |
|---------------------------------|-----------------------|------------------------|------------------|-------------|
|                                 | Borrowings from banks | Borrowings from others | Advances         | Investments |
| 1 day to 30/31 days (One month) | 279.63                | 146.49                 | 696.85           | -           |
| Over One month to 2 months      | 203.71                | 366.23                 | 940.71           | -           |
| Over 2 months upto 3 months     | 915.40                | 219.75                 | 1,689.55         | -           |
| Over 3 months to 6 months       | 380.21                | 750.00                 | 1,281.17         | -           |
| Over 6 months to 1 year         | 760.42                | 250.00                 | 2,504.18         | -           |
| Over 1 year to 3 years          | 3,041.67              | -                      | 2,990.30         | -           |
| Over 3 years to 5 years         | 1,286.91              | 2,058.17               | 1,252.53         | -           |
| Over 5 years                    | -                     | 260.00                 | 3,381.27         | -           |
| <b>Total</b>                    | <b>6,867.95</b>       | <b>4,050.64</b>        | <b>14,736.56</b> | -           |

## For the year ended 31 March 2016

| Particulars                     | Liabilities           |                        | Assets           |             |
|---------------------------------|-----------------------|------------------------|------------------|-------------|
|                                 | Borrowings from banks | Borrowings from others | Advances         | Investments |
| 1 day to 30/31 days (One month) | 25.00                 | -                      | 286.87           | -           |
| Over One months to 2 months     | -                     | 43.33                  | 263.73           | -           |
| Over 2 months upto 3 months     | 52.08                 | 173.84                 | 1,760.23         | -           |
| Over 3 months to 6 months       | 77.08                 | 168.94                 | 1,256.75         | -           |
| Over 6 months to 1 year         | 792.54                | 2,000.00               | 2,470.74         | -           |
| Over 1 year to 3 years          | 2,450.00              | 1,000.00               | 1,058.35         | -           |
| Over 3 years to 5 years         | 1,846.85              | 2,000.00               | 1,569.04         | -           |
| Over 5 years                    | -                     | 140.00                 | 5,293.78         | -           |
| <b>Total</b>                    | <b>5,243.55</b>       | <b>5,526.11</b>        | <b>13,959.49</b> | -           |

## For the year ended 31 March 2015

| Particulars                     | Liabilities           |                   | Assets          |             |                |
|---------------------------------|-----------------------|-------------------|-----------------|-------------|----------------|
|                                 | Borrowings from Banks | Market Borrowings | Advances        | Investments | Stock in Trade |
| 1 day to 30/31 days (One month) | -                     | -                 | 79.19           | -           | -              |
| Over One months to 2 months     | -                     | -                 | 89.93           | -           | -              |
| Over 2 months upto 3 months     | -                     | -                 | 89.05           | -           | -              |
| Over 3 months to 6 months       | 100.00                | -                 | 325.10          | -           | -              |
| Over 6 months to 1 year         | -                     | -                 | 783.80          | -           | -              |
| Over 1 year to 3 years          | 500.00                | 250.00            | 1,765.72        | -           | -              |
| Over 3 years to 5 years         | 250.00                | -                 | 554.07          | -           | -              |
| Over 5 years                    | -                     | -                 | 1,827.70        | -           | -              |
| <b>Total</b>                    | <b>850.00</b>         | <b>250.00</b>     | <b>5,514.56</b> | -           | -              |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

## 2.47 Movements in non performing advances:

The following table sets forth, for the periods indicated, the details of movement of gross Non-performing assets (NPAs), net NPAs and provision

| Particulars                                  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| i) Net NPAs to net advances (%)              | 0.36%                               | 0.07%                               | -                                   |
| ii) Movement of NPAs (Gross)                 |                                     |                                     |                                     |
| a) Opening balance                           | 39.76                               | 1.40                                | -                                   |
| b) Additions during the year                 | 54.37                               | 40.10                               | 1.40                                |
| c) Reductions during the year                | (32.16)                             | (1.74)                              | -                                   |
| d) Closing balance                           | 61.97                               | 39.76                               | 1.40                                |
| iii) Movement of net NPA                     |                                     |                                     |                                     |
| a) Opening balance                           | 9.92                                | -                                   | -                                   |
| b) Additions during the year                 | 46.55                               | 10.21                               | -                                   |
| c) Reductions during the year                | (3.46)                              | (0.29)                              | -                                   |
| d) Closing balance                           | 53.01                               | 9.92                                | -                                   |
| Movement of provisions for NPAs              |                                     |                                     |                                     |
| iv) (excluding provision on standard assets) |                                     |                                     |                                     |
| a) Opening balance                           | 29.84                               | 1.40                                | -                                   |
| b) Additions during the year                 | 7.82                                | 29.89                               | 1.40                                |
| c) Reductions during the year                | (28.70)                             | (1.45)                              | -                                   |
| d) Closing balance                           | 8.96                                | 29.84                               | 1.40                                |

## 2.48 Details of single borrower limit and group borrower limit exceeded by the Company:

During the years ended from 31 March 2013 to 31 March 2017, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

## 2.49 Details of 'provisions and contingencies'

| Break up of 'provisions and contingencies' shown under the head expenditure in statement of profit and loss. | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| i) Provisions for depreciation on investment   | -                                   | -                                   | -                                   |
| ii) Provision towards NPA (include Restructured assets)  | (20.88)                             | 27.94                               | 1.40                                |
| iii) Provision made towards income tax   | 181.01                              | 145.53                              | 39.18                               |
| iv) Provision for standard assets  | 9.65                                | 28                                  | 12.71                               |
| v) Other provision and contingencies   |                                     |                                     |                                     |
| a) Provision for credit loss on securitisation   | 30.14                               | 5.6                                 | -                                   |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

## 2.50 Concentration of deposits, advances, exposures and NPAs

|  | For the year ended<br>31 March 2017               | For the year ended<br>31 March 2016         | For the year ended<br>31 March 2015         |
|--|---|---|---|
| <b>A) Concentration of advances</b>  |   |   |   |
| Total advances to twenty largest borrowers                                 | 1,307.27  | 920.04                                      | 781.35                                      |
| % of advances to twenty largest borrowers to total advances                | 8.87%   | 6.59%                                       | 14.17%                                      |
| <b>B) Concentration of exposures (includes Off balance sheet exposure)</b> |   |   |   |
| Total exposures to twenty largest borrowers / customers                    | 1,307.27  | 920.04                                      | 781.35                                      |
| % of exposures to twenty largest borrowers / customers to total advances   | 8.65%   | 6.59%                                       | 14.17%                                      |
| <b>C) Concentration of NPAs</b>  |   |   |   |
| Total exposures to top four NPAs   | 36.59   | 10.35                                       | 1.40  |
| <b>D) Sector-wise NPAs</b>   | <b>% of NPAs to total advances in that sector</b> |   |   |
|  | <b>For the year ended<br/>31 March 2017</b>       | <b>For the year ended<br/>31 March 2016</b> | <b>For the year ended<br/>31 March 2015</b> |
| 1 Agriculture & allied activities  | 0.00%   | 0.00%                                       | -   |
| 2 MSME   | 0.00%   | 0.00%                                       | 0.04%                                       |
| 3 Corporate borrowers  | 0.43%   | 0.37%                                       | -   |
| 4 Services   | 0.41%   | 0.65%                                       | -   |
| 5 Unsecured personal loans   | 0.00%   | 0.00%                                       | -   |
| 6 Auto loans   | 0.00%   | 0.00%                                       | -   |
| 7 Other personal loans   | 0.00%   | 0.00%                                       | -   |

## 2.51 Customer complaints

| Particulars  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| (a) No. of complaints pending at the beginning of the year | -                                   | -                                   | -                                   |
| (b) No. of complaints received during the year             | 52                                  | 8                                   | 4                                   |
| (c) No. of complaints redressed during the year            | 52                                  | 8                                   | 4                                   |
| (d) No. of complaints pending at the end of the year       | -                                   | -                                   | -                                   |

## 2.52 Details of ratings assigned by credit rating agencies

## As at 31 March 2017

| Instrument category        | CRISIL           | ICRA       | CARE     | Brickworks |
|----------------------------|------------------|------------|----------|------------|
| i) Long term instruments   |                  |            |          |            |
| Rating                     | CRISIL AA/Stable | [ICRA] AA  | CARE AA  | BWR AA+    |
| Amount                     | 10,000.00        | 31,500.00  | 5,500.00 | 4,500.00   |
| ii) Short term instruments |                  |            |          |            |
| Rating                     | -                | [ICRA] A1+ | CARE A1+ | -          |
| Amount                     | -                | 6,000.00   | 5,000.00 | -          |

## As at 31 March 2016

| Instrument category        | ICRA       | CARE     | Brickworks |
|----------------------------|------------|----------|------------|
| i) Long term instruments   |            |          |            |
| Rating                     | [ICRA] AA  | CARE AA  | BWR AA+    |
| Amount                     | 22,500.00  | 4,500.00 | 4,500.00   |
| ii) Short term instruments |            |          |            |
| Rating                     | [ICRA] A1+ | CARE A1+ | -          |
| Amount                     | 6,000.00   | 5,000.00 | -          |

## As at 31 March 2015

| Instrument category        | ICRA       | CARE     |
|----------------------------|------------|----------|
| i) Long term instruments   |            |          |
| Rating                     | [ICRA]-AA  | CARE AA  |
| Amount                     | 10,500.00  | 500.00   |
| ii) Short term instruments |            |          |
| Rating                     | [ICRA]-A1+ | CARE A1+ |
| Amount                     | 5,000.00   | 5,000.00 |

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**Financial Year 2017****2.53 Disclosure of Restructured Accounts**

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

| SI No | Type of Restructuring<br>Asset Classification<br>Details   | Under CDR Mechanism |              |          |      |       | Under SME Debt Restructuring Mechanism |              |          |      |       | Others   |              |          |      |       | Total    |              |          |      |       |   |       |
|-------|--|---------------------|--------------|----------|------|-------|--|--------------|----------|------|-------|----------|--------------|----------|------|-------|----------|--------------|----------|------|-------|---|-------|
|       |  | Standard            | Sub-standard | Doubtful | Loss | Total | Standard                               | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |   |       |
| 1     | Restructured accounts as on 1st April, 2016<br>(Opening figures) (refer note 1)  | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 5     |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 11.67 |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 1.75  |
| 2     | Fresh restructuring during the year (refer note 2)   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 16    |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 27.83 |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 4.17  |
| 3     | Upgradations of restructured accounts to<br>Standard category  | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
| 4     | Restructured advances which ceases to attract<br>higher provisioning and/ or additional risk<br>weight at the end of the financial year and<br>hence need not be shown as restructured<br>standard advances at the beginning of the next | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
| 5     | Downgradations of restructured accounts during<br>the FY   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
| 6     | Write-offs of restructured accounts during the<br>FY 16-17   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 2     |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 5.76  |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -     |
| 7     | Restructured accounts as on 31st Mar, 2017<br>(Closing figures)  | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 19    |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 31.07 |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 4.67  |

Note :

1. Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

2. Amount outstanding of fresh restructuring during the year is the amount outstanding as on the date of restructuring.

3. The above table excludes the recoveries made on restructured accounts.

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**Financial Year 2016****2.53 Disclosure of Restructured Accounts (Continued)**

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

| SI No | Type of Restructuring<br>Asset Classification<br>Details   | Under CDR Mechanism |              |          |      |       | Under SME Debt Restructuring Mechanism |              |          |      |       | Others   |              |          |      |       | Total    |              |          |      |       |   |   |       |
|-------|--|---------------------|--------------|----------|------|-------|--|--------------|----------|------|-------|----------|--------------|----------|------|-------|----------|--------------|----------|------|-------|---|---|-------|
|       |  | Standard            | Sub-standard | Doubtful | Loss | Total | Standard                               | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |   |   |       |
| 1     | Restructured accounts as on 1st April, 2015<br>(Opening figures) (refer note no. 1)  | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | 1 |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 3.36     | -    | -     | -        | -            | -        | -    | -     | - | - | 3.36  |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 0.50     | -    | -     | -        | -            | -        | -    | -     | - | - | 0.50  |
| 2     | Fresh restructuring during the year (refer note 2)   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 4        | -    | -     | -        | -            | -        | -    | -     | - | 4 |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 8.64     | -    | -     | -        | -            | -        | -    | -     | - | - | 8.64  |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 1.30     | -    | -     | -        | -            | -        | -    | -     | - | - | 1.30  |
| 3     | Upgradations of restructured accounts to<br>Standard category  | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
| 4     | Restructured advances which ceases to attract<br>higher provisioning and/ or additional risk<br>weight at the end of the financial year and<br>hence need not be shown as restructured<br>standard advances at the beginning of the next | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
| 5     | Downgradations of restructured accounts during<br>the FY   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
| 6     | Write-offs of restructured accounts during the<br>FY   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | - |       |
| 7     | Restructured accounts as on 31st Mar,<br>2016(Closing figures)   | No. of borrowers    | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 5        | -    | -     | -        | -            | -        | -    | -     | - | 5 |       |
|       |  | Amount outstanding  | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 11.67    | -    | -     | -        | -            | -        | -    | -     | - | - | 11.67 |
|       |  | Provision thereon   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | 1.75     | -    | -     | -        | -            | -        | -    | -     | - | - | 1.75  |

1. Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

2. Amount outstanding of fresh restructuring during the year is the amount outstanding as on the date of restructuring.

3. The above table excludes the recoveries made on restructured accounts.



Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

**Financial Year 2015**

**2.53 Disclosure of Restructured Accounts (Continued)**

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

| SI No | Type of Restructuring<br>Asset Classification  |                     | Under CDR Mechanism |              |          |      |       | Under SME Debt Restructuring Mechanism |              |          |      |       | Others   |              |          |      |       | Total    |              |          |      |       |   |      |
|-------|--|---------------------|---------------------|--------------|----------|------|-------|--|--------------|----------|------|-------|----------|--------------|----------|------|-------|----------|--------------|----------|------|-------|---|------|
|       |  |                     | Standard            | Sub-standard | Doubtful | Loss | Total | Standard                               | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |   |      |
| 1     | Restructured accounts as on 1st April, 2014<br>(Opening figures)*  | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
|       |  | Provision thereon   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
| 2     | Fresh restructuring during the year<br>(Refer Note 1 below)  | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | 1        | -            | -        | -    | -     | -        | -            | -        | -    | -     | 1 |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | 3.36         | -        | -    | -     | -        | -            | -        | -    | -     | - | 3.36 |
|       |  | Provision thereon # | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | 0.50         | -        | -    | -     | -        | -            | -        | -    | -     | - | 0.50 |
| 4     | Upgradations of restructured accounts to<br>Standard category  | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
|       |  | Provision thereon   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
| 5     | Restructured advances which ceases to attract<br>higher provisioning and/ or additional risk<br>weight at the end of the financial year and<br>hence need not be shown as restructured<br>standard advances at the beginning of the next | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
|       |  | Provision thereon   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
| 6     | Downgradations of restructured accounts<br>during the FY   | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
|       |  | Provision thereon   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
| 7     | Write-offs of restructured accounts during the<br>FY   | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
|       |  | Provision thereon   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -        | -            | -        | -    | -     | - | -    |
| 8     | Restructured accounts as on 31st Mar, 2015<br>(Closing figures) *  | No. of borrowers    | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | 1        | -            | -        | -    | -     | -        | -            | -        | -    | -     | 1 |      |
|       |  | Amount outstanding  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | 3.36         | -        | -    | -     | -        | -            | -        | -    | -     | - | 3.36 |
|       |  | Provision thereon   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | 0.50         | -        | -    | -     | -        | -            | -        | -    | -     | - | 0.50 |

\* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

1. Amount outstanding of fresh restructuring during the year is the amount outstanding as on the date of restructuring.

## Notes to the Reformatted Financial Information (Continued)

(Currency: Indian rupees in Million)

## 2.54 Corporate social responsibility (CSR)

As per the provisions of Section 135 of Companies Act 2013,

a) Gross Amount required to be spent by the Company during the year ended 31 March 2017 was Rs. 3.80 million and Rs. 0.86 million during the year ended 31 March 2016

b) Amount spent during the year on :

| Particulars                               | For the year ended 31 March, 2017 |                        |       | For the year ended 31 March, 2016 |                        |       |
|---|-----------------------------------|------------------------|-------|-----------------------------------|------------------------|-------|
|   | In cash                           | Yet to be paid in cash | Total | In cash                           | Yet to be paid in cash | Total |
| i Construction/ acquisition of any assets | -                                 | -                      | -     | -                                 | -                      | -     |
| ii on purpose other than (i) above        | 0.50                              | -                      | 0.50  | 0.05                              | -                      | 0.05  |

The Company is a subsidiary of Edelcap Securities Limited and ultimate holding Company is Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 115.68 million (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

## 2.55 Registration obtained from other financial sector regulators - Nil

## 2.56 Disclosure of penalties imposed by RBI and other regulators - Nil

## 2.57 Note to the balance sheet of a non-deposit taking non-banking financial Company

Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017 and 31 March 2016)

| Liabilities side:  |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
| Particulars  | Amount outstanding  |                     | Amount overdue      |                     |
|  | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
| 1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid               |                     |                     |                     |                     |
| a) Debentures:   |                     |                     |                     |                     |
| (other than those falling within the meaning of Public deposit)  |                     |                     |                     |                     |
| (i) Secured  | 3,267.15            | 5,291.65            | -                   | -                   |
| (ii) Unsecured   | 296.86              | 153.68              | -                   | -                   |
| b) Deferred credits  | -                   | -                   | -                   | -                   |
| c) Term loans  | 5,849.41            | 4,783.31            | -                   | -                   |
| d) Inter-corporate loans and borrowing   | -                   | -                   | -                   | -                   |
| e) Commercial paper  | -                   | -                   | -                   | -                   |
| f) Other loans   | -                   | -                   | -                   | -                   |
| 1) Loan from related parties   | 732.97              | 393.27              | -                   | -                   |
| 2) Bank overdraft  | 1,018.53            | 460.24              | -                   | -                   |
| (* Please see note 1 below)  |                     |                     |                     |                     |
| Assets side:   |                     |                     |                     |                     |
| Particulars  | Amount Outstanding  |                     |                     |                     |
|  | As at 31 March 2017 | As at 31 March 2016 |                     |                     |
| 2) Break up of loans and advances including bills receivables (other than those included in (3) below) |                     |                     |                     |                     |
| a) Secured   | 9,142.18            | 8,270.03            |                     |                     |
| b) Unsecured   | 5,594.38            | 5,689.46            |                     |                     |
| 3) Break up of leased assets and stock on hire and other assets counting towards AFC activities        |                     |                     |                     |                     |
| a) Lease assets including lease rentals under sundry debtors:  |                     |                     |                     |                     |
| b) Stock on hire including hire charges under sundry debtors   | -                   | -                   |                     |                     |
| c) Other loans counting towards asset financing Company activities                                     | -                   | -                   |                     |                     |

## Notes to the Reformatted Financial Information (Continued)

Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017 and 31 March 2016)

|  | As at<br>31 March 2017                        |                        | As at<br>31 March 2016            |                        |                        |                        |
|--|---|------------------------|-----------------------------------|------------------------|------------------------|------------------------|
| 4) Break up of investments   |   |                        |                                   |                        |                        |                        |
| Current investments:   |   |                        |                                   |                        |                        |                        |
| a) Quoted:   |   |                        |                                   |                        |                        |                        |
| (i) Shares: Equity   | -   | -                      | -                                 | -                      |                        |                        |
| Preference   | -   | -                      | -                                 | -                      |                        |                        |
| (ii) Debentures and bonds  | -   | -                      | -                                 | -                      |                        |                        |
| (iii) Units of mutual funds  | -   | -                      | -                                 | -                      |                        |                        |
| (iv) Government securities   | -   | -                      | -                                 | -                      |                        |                        |
| (v) Others   | -   | -                      | -                                 | -                      |                        |                        |
| b) Unquoted:   |   |                        |                                   |                        |                        |                        |
| (i) Shares: Equity   | -   | -                      | -                                 | -                      |                        |                        |
| Preference   | -   | -                      | -                                 | -                      |                        |                        |
| (ii) Debentures and bonds  | -   | -                      | -                                 | -                      |                        |                        |
| (iii) Units of mutual funds  | -   | -                      | -                                 | -                      |                        |                        |
| (iv) Government securities   | -   | -                      | -                                 | -                      |                        |                        |
| (v) Others (pass through certificates)   | -   | -                      | -                                 | -                      |                        |                        |
| Long-term investments (net of provision)   |   |                        |                                   |                        |                        |                        |
| a) Quoted:   |   |                        |                                   |                        |                        |                        |
| (i) Shares: Equity   | -   | -                      | -                                 | -                      |                        |                        |
| Preference   | -   | -                      | -                                 | -                      |                        |                        |
| (ii) Debentures and bonds  | -   | -                      | -                                 | -                      |                        |                        |
| (iii) Units of mutual funds  | -   | -                      | -                                 | -                      |                        |                        |
| (iv) Government securities   | -   | -                      | -                                 | -                      |                        |                        |
| (v) Others   | -   | -                      | -                                 | -                      |                        |                        |
| b) Unquoted:   |   |                        |                                   |                        |                        |                        |
| (i) Shares: Equity   | -   | -                      | -                                 | -                      |                        |                        |
| Preference   | -   | -                      | -                                 | -                      |                        |                        |
| (ii) Debentures and bonds  | -   | -                      | -                                 | -                      |                        |                        |
| (iii) Units of mutual funds  | -   | -                      | -                                 | -                      |                        |                        |
| (iv) Government securities   | -   | -                      | -                                 | -                      |                        |                        |
| (v) Others   | -   | -                      | -                                 | -                      |                        |                        |
| - Pass through certificates  | -   | -                      | -                                 | -                      |                        |                        |
| - Security receipts  | -   | -                      | -                                 | -                      |                        |                        |
| 5) Borrower group-wise classification of assets financed as in (2) and (3) above   | <b>Amount net of provisions</b>               |                        |                                   |                        |                        |                        |
| Particulars  | Secured                                       |                        | Unsecured                         |                        | Total                  |                        |
|  | As at<br>31 March 2017                        | As at<br>31 March 2016 | As at<br>31 March 2017            | As at<br>31 March 2016 | As at<br>31 March 2017 | As at<br>31 March 2016 |
| 1. Related parties**   |   |                        |                                   |                        |                        |                        |
| (a) Subsidiaries   | -   | -                      | -                                 | -                      | -                      | -                      |
| (b) Companies in the same group  | -   | -                      | -                                 | -                      | -                      | -                      |
| (c) Other related parties  | -   | -                      | -                                 | -                      | -                      | -                      |
| 2. Other than related parties  | 9,142.18                                      | 8,270.03               | 5,594.38                          | 5,689.46               | 14,736.56              | 13,959.49              |
| <b>TOTAL</b>   | <b>9,142.18</b>                               | <b>8,270.03</b>        | <b>5,594.38</b>                   | <b>5,689.46</b>        | <b>14,736.56</b>       | <b>13,959.49</b>       |
| <b>** As per Accounting Standard of ICAI</b>   |   |                        |                                   |                        |                        |                        |
| 6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) |   |                        |                                   |                        |                        |                        |
| Particulars  | Market value/break up or fair value or<br>NAV |                        | Book value<br>(net of provisions) |                        |                        |                        |
|  | As at<br>31 March 2017                        | As at<br>31 March 2016 | As at<br>31 March 2017            | As at<br>31 March 2016 |                        |                        |
| 1) Related parties   |   |                        |                                   |                        |                        |                        |
| (a) Subsidiaries   | -   | -                      | -                                 | -                      |                        |                        |
| (b) Companies in the same group  | -   | -                      | -                                 | -                      |                        |                        |
| (c) Other related parties  | -   | -                      | -                                 | -                      |                        |                        |
| 2) Other than related parties  | -   | -                      | -                                 | -                      |                        |                        |
| <b>TOTAL</b>   | <b>-</b>                                      | <b>-</b>               | <b>-</b>                          | <b>-</b>               |                        |                        |

## Notes to the Reformatted Financial Information (Continued)

| <b>Note to the balance sheet of a non-deposit taking non-banking financial Company (...continued)</b>  |   |                                |                                |                                |
|--|---|--------------------------------|--------------------------------|--------------------------------|
| Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017 and 31 March 2016) |   |                                |                                |                                |
| 7) Other information   |   |                                |                                |                                |
| <b>Particulars</b>   |   | <b>As at<br/>31 March 2017</b> | <b>As at<br/>31 March 2016</b> |                                |
| a)   | Gross non-performing assets             |                                |                                |                                |
|  | 1) Related parties                      | -                              |                                | -                              |
|  | 2) Other than related parties           | 61.97                          |                                | 39.76                          |
| b)   | Net non-performing assets               |                                |                                |                                |
|  | 1) Related parties                      | -                              |                                | -                              |
|  | 2) Other than related parties           | 53.01                          |                                | 9.92                           |
| c)   | Assets acquired in satisfaction of debt | -                              |                                | -                              |
| Note :   |   |                                |                                |                                |
| *1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Company Acceptance of public deposits(Reserve bank) Direction,1998.   |   |                                |                                |                                |
| Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 13 of Master Direction- Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2015 and 31 March 2014)                           |   |                                |                                |                                |
| <b>Liabilities Side:</b>   |   |                                |                                |                                |
| <b>Particulars</b>   | <b>Amount Outstanding</b>               |                                | <b>Amount Overdue</b>          |                                |
|  | <b>As at<br/>31 March 2015</b>          | <b>As at<br/>31 March 2014</b> | <b>As at<br/>31 March 2015</b> | <b>As at<br/>31 March 2014</b> |
| 1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid   |   |                                |                                |                                |
| a) Debentures:<br>(other than those falling within the meaning of Public deposit)  |   |                                |                                |                                |
| (i) Secured  | 250.07                                  | -                              | -                              | -                              |
| (ii) Unsecured   | -                                       | -                              | -                              | -                              |
| b) Deferred Credits  | -                                       | -                              | -                              | -                              |
| c) Term Loans  | 500.00                                  | -                              | -                              | -                              |
| d) Inter-corporate loans and borrowing   | -                                       | -                              | -                              | -                              |
| e) Commercial Paper  | -                                       | -                              | -                              | -                              |
| f) Other loans   | -                                       | -                              | -                              | -                              |
| 1) Loan from related parties   | 3,208.44                                | 407.00                         | 406.06                         | -                              |
| 2) Bank Overdraft  | 100.00                                  | -                              | -                              | -                              |
| (* Please see Note 1 below)  | -                                       | -                              | -                              | -                              |
|  | -                                       | -                              | -                              | -                              |
| <b>Assets side:</b>  |   |                                |                                |                                |
|  | <b>Amount Outstanding</b>               |                                |                                |                                |
|  | <b>As at<br/>31 March 2015</b>          | <b>As at<br/>31 March 2014</b> |                                |                                |
| 2) Break up of Loans and Advances including bills receivables<br>(other than those included in (3) below)  |   |                                |                                |                                |
| a)Secured  | 2,584.55                                |                                |                                | 133.25                         |
| b)Unsecured  | 2,930.01                                |                                |                                | 492.57                         |
| 3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities  |   |                                |                                |                                |
| a) Lease assets including lease rentals under sundry debtors:  |   |                                |                                |                                |
| (i) Financial Lease  | -                                       |                                |                                | -                              |
| (ii) Operating Lease   | -                                       |                                |                                | -                              |
| b) Stock on hire including hire charges under sundry debtors   |   |                                |                                |                                |
| (i) Assets on hire   | -                                       |                                |                                | -                              |
| (ii) Repossessed assets  | -                                       |                                |                                | -                              |
| c) Other loans counting towards Asset Financing Company activities   |   |                                |                                |                                |
| (i) Loans where assets have been repossessed   | -                                       |                                |                                | -                              |
| (ii) Other loans   | -                                       |                                |                                | -                              |
| 4) Break up of Investments   |   |                                |                                |                                |
| Current Investments:   |   |                                |                                |                                |
| a) <b>Quoted:</b>  |   |                                |                                |                                |
| (v) Others   | -                                       |                                |                                | -                              |
| b) <b>Unquoted:</b>  |   |                                |                                |                                |
| (i) Shares: Equity   | -                                       |                                |                                | -                              |
| Preference   | -                                       |                                |                                | -                              |
| (ii) Debentures and Bonds  | -                                       |                                |                                | -                              |
| (iii) Units of Mutual Funds  | -                                       |                                |                                | -                              |
| (iv) Government Securities   | -                                       |                                |                                | -                              |
| (v) Others (Pass through certificates)   | -                                       |                                |                                | -                              |

## Notes to the Reformatted Financial Information (Continued)

Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2015 and as at 31 March 2014) (Continued)

|  |   |   |
|--|---|---|
| Long-Term Investments (Net of Provision) |   |   |
| a) Quoted:                               |   |   |
| (i) Shares: Equity                       | - | - |
| Preference                               | - | - |
| (ii) Debentures and Bonds                | - | - |
| (iii) Units of Mutual Funds              | - | - |
| (iv) Government Securities               | - | - |
| (v) Others                               | - | - |
| b) Unquoted:                             |   |   |
| (i) Shares: Equity                       | - | - |
| Preference                               | - | - |
| (ii) Debentures and Bonds                | - | - |
| (iii) Units of Mutual Funds              | - | - |
| (iv) Government Securities               | - | - |
| (v) Others                               | - | - |
| - Pass through certificates              | - | - |
| - Security Receipts                      | - | - |

5) Borrower group-wise classification of assets financed as in (2) and (3) above

| Particulars                     | Amount net of provisions |                     |                     |                     |                     |                     |
|---------------------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                 | Secured                  |                     | Unsecured           |                     | Total               |                     |
|                                 | As at 31 March 2015      | As at 31 March 2014 | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2015 | As at 31 March 2014 |
| 1. Related Parties**            |                          |                     |                     |                     |                     |                     |
| (a) Subsidiaries                | -                        | -                   | -                   | -                   | -                   | -                   |
| (b) Companies in the same group | -                        | -                   | 7.50                | 27.50               | 7.50                | 27.50               |
| (c) Other related parties       | -                        | -                   | -                   | -                   | -                   | -                   |
| 2. Other than related parties   | 2,584.55                 | 133.25              | 2,922.51            | 465.07              | 5,507.06            | 598.31              |
| <b>TOTAL</b>                    | <b>2,584.55</b>          | <b>133.25</b>       | <b>2,930.01</b>     | <b>492.57</b>       | <b>5,514.56</b>     | <b>625.81</b>       |

\*\* As per Accounting Standard of ICAI

6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

| Particulars                     | Market Value/Break up or fair value or NAV |                     | Book Value (Net of Provisions) |                     |
|---------------------------------|--|---------------------|--------------------------------|---------------------|
|                                 | As at 31 March 2015                        | As at 31 March 2014 | As at 31 March 2015            | As at 31 March 2014 |
|                                 | 1) Related Parties                         |                     |                                |                     |
| (a) Subsidiaries                | -  | -                   | -                              | -                   |
| (b) Companies in the same group | -  | -                   | -                              | -                   |
| (c) Other related parties       | -  | -                   | -                              | -                   |
| 2. Other than related parties   | -  | -                   | -                              | -                   |
| <b>TOTAL</b>                    | <b>-</b>                                   | <b>-</b>            | <b>-</b>                       | <b>-</b>            |

7) Other Information

| Particulars                                | As at 31 March 2015 | As at 31 March 2014 |
|--|---------------------|---------------------|
| a) Gross Non-Performing Assets             |                     |                     |
| 1) Related parties                         | -                   | -                   |
| 2) Other than related parties              | 1.40                | -                   |
| b) Net Non-Performing Assets               |                     |                     |
| 1) Related parties                         | -                   | -                   |
| 2) Other than related parties              | -                   | -                   |
| c) Assets acquired in satisfaction of debt | -                   | -                   |

Note :

\*1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Company Acceptance of public deposits(Reserve bank) Direction,1998.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in(4)above.

## Notes to the Reformatted Financial Information (Continued)

Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2013)

| <b>Liabilities Side:</b>   |   |   |   |
|--|---|---|---|
| <b>Particulars</b>   | <b>Amount Outstanding<br/>As at 31 March<br/>2013</b> | <b>Amount Overdue<br/>As at 31 March<br/>2013</b>                             |   |
| 1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid   |   |   |   |
| a) Debentures:<br>(other than those falling within the meaning of Public deposit)  |   |   |   |
| (i) Secured  | -   | -   | -   |
| (ii) Unsecured   | -   | -   | -   |
| 1) Loan from related parties   | -   | -   | -   |
| 2) Bank Overdraft  | -   | -   | -   |
| (* Please see Note 1 below)  | -   | -   | -   |
|  | -   | -   | -   |
| <b>Assets side:</b>  |   |   |   |
| <b>Particulars</b>   | <b>Outstanding</b>                                    |   |   |
|  | <b>As at 31 March<br/>2013</b>                        |   |   |
| 2) Break up of Loans and Advances including bills receivables<br>(other than those included in (3) below)                            |   |   |   |
| a) Secured   |   |   | -   |
| b) Unsecured   |   |   | -   |
| 3)   |   |   | NA  |
| a) Lease assets including lease rentals under sundry debtors:  |   |   |   |
| b) Stock on hire including hire charges under sundry debtors   |   |   |   |
| c) Other loans counting towards Asset Financing Company activities   |   |   |   |
| (i) Loans where assets have been repossessed   |   |   | -   |
| (ii) Other loans   |   |   | -   |
| 4) Break up of Investments   |   |   |   |
| Current Investments:   |   |   |   |
| a) <b>Quoted:</b>  |   |   |   |
| b) <b>Unquoted:</b>  |   |   |   |
| (i) Shares: Equity   |   |   | -   |
| Preference   |   |   | -   |
| (ii) Debentures and Bonds  |   |   | -   |
| (iii) Units of Mutual Funds  |   |   | 58.60   |
| (iv) Government Securities   |   |   | -   |
| (v) Others (Pass through certificates)   |   |   | -   |
| Long-Term Investments (Net of Provision)   |   |   |   |
| a) Quoted:   |   |   |   |
| (i) Shares: Equity   |   |   | -   |
| b) Unquoted:   |   |   |   |
| (i) Shares: Equity   |   |   | -   |
| 5) Borrower group-wise classification of assets financed as in (2) and (3) above   |   |   |   |
| <b>Amount net of provisions</b>  |   |   |   |
| <b>Particulars</b>   | <b>Secured<br/>As at 31 March<br/>2013</b>            | <b>Unsecured<br/>As at 31 March<br/>2013</b>                                  | <b>Total<br/>As at 31 March<br/>2013</b>                          |
| 1. Related Parties**   |   |   |   |
| (a) Subsidiaries   | -   | -   | -   |
| (b) Companies in the same group  | -   | -   | -   |
| (c) Other related parties  | -   | -   | -   |
| 2. Other than related parties  | -   | -   | -   |
| <b>TOTAL</b>   | -   | -   | -   |
| <b>** As per Accounting Standard of ICAI</b>   |   |   |   |
| 6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) |   |   |   |
| <b>Particulars</b>   |   | <b>Market Value/Break up or fair value or NAV<br/>As at 31 March<br/>2013</b> | <b>Book Value (Net of Provisions)<br/>As at 31 March<br/>2013</b> |
| 1) Related Parties   |   |   |   |
| 2. Other than related parties  |   | 61.76   | 58.60   |
| <b>TOTAL</b>   |   | <b>61.76</b>  | <b>58.60</b>  |

## Notes to the Reformatted Financial Information (Continued)

| 7) Other Information |   |                     |
|----------------------|---|---------------------|
| Particulars          |   | As at 31 March 2013 |
| a)                   | Gross Non-Performing Assets             |                     |
|                      | 1) Related parties                      | -                   |
|                      | 2) Other than related parties           | -                   |
| b)                   | Net Non-Performing Assets               |                     |
|                      | 1) Related parties                      | -                   |
|                      | 2) Other than related parties           | -                   |
| c)                   | Assets acquired in satisfaction of debt | -                   |

\*1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Company Acceptance of public deposits(Reserve bank) Direction,1998.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in(4)above.

2.58 **Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from 08th November to 30th December 2016 pursuant to notification no. G.S.R. 308(E) dated 30th March 2017**

| Particulars                                  | SBNs* | Other denomination notes | Total             |
|--|-------|--------------------------|-------------------|
| Closing cash in hand as on 08.11.2016        | 2.13  | 0.00                     | 2.13              |
| (+) Permitted receipts                       | -     | 0.42                     | 0.42              |
| (-) Permitted payments                       | -     | -                        | -                 |
| (-) Amount deposited in Banks                | 2.13  | 0.42                     | 2.55              |
| <b>Closing cash in hand as on 30.12.2016</b> | -     | 0.00 <sup>^</sup>        | 0.00 <sup>^</sup> |

<sup>^</sup> Amount is less than 0.01 million

\* For the purposes of this clause, the term specified bank notes (SBNs) means the bank notes of denomination of existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O.3407(E), dated 8th November 2016.

Notes 2.1 to 2.58 forms an integral part of the Reformatted Financial Information

As per our report attached on even date

**For Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
Firm Registration Number. 012754N/N500016

**For and on behalf of the Board of Directors**  
**Edelweiss Retail Finance Limited**

**Sharad Agarwal**  
Partner  
Membership No: 118522

**Anil Kothuri**  
Director  
DIN: 00177945

**Shalinee Mimani**  
Director  
DIN : 07404075

**Vineet Mahajan**  
Chief Financial Officer

**Sudipta Majumdar**  
Company Secretary

Mumbai  
16 February 2018

Mumbai  
16 February 2018

Mumbai  
16 February 2018

# Edelweiss Retail Finance Limited

Reformatted Statement of Dividends Declared

Annexure VI

(Currency: Indian Rupees in Millions, except per share data)

| <b>Particulars</b>                             | <b>Fiscal Year<br/>2017</b> | <b>Fiscal Year<br/>2016</b> | <b>Fiscal Year<br/>2015</b> | <b>Fiscal Year<br/>2014</b> | <b>Fiscal Year<br/>2013</b> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Face value of Equity Shares<br>(Rs. per share) | 10                          | 10                          | 10                          | 10                          | 10                          |
| Interim Dividend on Equity<br>Shares           | NIL                         | NIL                         | NIL                         | NIL                         | NIL                         |
| Final Dividend on Equity Shares                | NIL                         | NIL                         | NIL                         | NIL                         | NIL                         |
| Total Dividend on Equity<br>Shares             | NIL                         | NIL                         | NIL                         | NIL                         | NIL                         |
| Dividend Rate (percentage)                     | NA                          | NA                          | NA                          | NA                          | NA                          |
| Dividend Distribution Tax                      | NA                          | NA                          | NA                          | NA                          | NA                          |



## **REVIEW REPORT ON UNAUDITED SPECIAL PURPOSE CONDENSED INTERIM FINANCIAL STATEMENTS**

The Board of Directors  
Edelweiss Retail Finance Limited  
Edelweiss House,  
Off. CST Road,  
Kalina, Mumbai

1. This review report is issued in accordance with the terms of our agreement dated February 13, 2018.
2. We have reviewed the accompanying Unaudited Special Purpose Condensed Interim Financial Statements of Edelweiss Retail Finance Limited (the “Company”), comprising its Unaudited Condensed Interim Balance Sheet as at December 31, 2017, the Unaudited Condensed Interim Statement of Profit and Loss for the nine months period ended December 31, 2017 and the Unaudited Condensed Interim Cash Flow Statement for the nine months then ended, together with the related notes thereon (hereinafter referred to as the “Condensed Interim Financial Statements”) prepared by the Management of the Company for the purpose of inclusion in the Draft Prospectus and the Prospectus (hereinafter collectively referred to as the “Offer Documents”) prepared in connection with the proposed public offering of non-convertible debentures (the “Securities”) of the Company (the “Issue”) pursuant to the requirements of Section 26 of the Companies Act, 2013 (hereinafter referred to as the “Act”) read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the “Rules”) and items (i) and (j) of Paragraph 3A of Schedule I of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended to date read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 (the “SEBI Regulations”) issued by the Securities and Exchange Board of India (the “SEBI”), to be submitted with the stock exchanges where the Securities are to be listed, Securities and Exchange Board of India (“SEBI”) and Registrar of Companies, Mumbai.

### **Management’s Responsibility for the Condensed Interim Financial Statements**

3. The preparation of the Condensed Interim Financial Statements in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25 - Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 as updated by the Companies (Accounting Standards) Amendment Rules, 2016, and other accounting principles generally accepted in India, is the responsibility of the Management of the Company, including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Condensed Interim Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error and also applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### **Auditors’ Responsibility**

4. We conducted our review of the Condensed Interim Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement.

5. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to the Company's financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### **Conclusion**

6. Based on our review conducted as above, nothing have come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Financial Statements has not been prepared in all material respects, in accordance with Accounting Standard (AS) 25 - Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 as updated by the Companies (Accounting Standards) Amendment Rules, 2016 and other accounting principles generally accepted in India including the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

### **Other Matters**

7. The financial statements of the Company as at March 31, 2017 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated May 16, 2017, expressed an unmodified opinion on those financial statements.
8. The unaudited special purpose condensed interim financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 as updated by the Companies (Accounting Standards) Amendment Rules, 2016, as those are considered irrelevant by the Management and the intended users of the unaudited special purpose condensed interim financial statements for the purposes for which those have been prepared.
9. Our conclusion on Condensed Interim Financial Statements is not modified in respect of the matters stated in paragraph 7 and 8.

### **Restriction on use**

10. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purpose of inclusion in the Offer Documents prepared in connection with the Issue of the Company pursuant to the requirements of the Act, Rules and SEBI Regulations, to be submitted with the stock exchanges where the Securities of the Company are to be listed, Securities and Exchange Board of India and Registrar of Companies, Mumbai. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or in to whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP  
Chartered Accountants  
Firm Registration Number: 012754N / N500016

Sharad Agarwal  
Partner  
Membership Number: 118522

Mumbai  
February 16, 2018

# Edelweiss Retail Finance Limited

## Unaudited Condensed Interim Balance Sheet

(Currency : Indian Rupees in Millions)

|  | As at<br>31 December 2017<br>(Unaudited) | As at<br>31 March 2017<br>(Audited) |
|--|--|-------------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |  |                                     |
| <b>Shareholders' funds</b>   |  |                                     |
| (a) Share capital  | 379.50                                   | 329.50                              |
| (b) Reserves and surplus   | 3,446.76                                 | 2,805.43                            |
|  | 3,826.26                                 | 3,134.93                            |
| <b>Non-current liabilities</b>   |  |                                     |
| (a) Long-term borrowings   | 16,813.42                                | 6,646.75                            |
| (b) Deferred tax liabilities (net)   | 13.04                                    | -                                   |
| (c) Other long-term liabilities  | 213.69                                   | 192.70                              |
| (d) Long-term provisions   | 103.17                                   | 95.66                               |
|  | 17,143.32                                | 6,935.11                            |
| <b>Current liabilities</b>   |  |                                     |
| (a) Short-term borrowings  | 2,459.43                                 | 1,751.00                            |
| (b) Trade payables   |  |                                     |
| (A) total outstanding dues of micro enterprises and small enterprises                      | -  | -                                   |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 429.79                                   | 390.80                              |
| (c) Other current liabilities  | 5,546.54                                 | 3,248.27                            |
| (d) Short-term provisions  | 112.35                                   | 56.74                               |
|  | 8,548.11                                 | 5,446.81                            |
| <b>TOTAL</b>   | 29,517.69                                | 15,516.85                           |
| <b>ASSETS</b>  |  |                                     |
| <b>Non-current assets</b>  |  |                                     |
| (a) Fixed assets   |  |                                     |
| (i) Property, Plant & Equipment (Tangible assets)  | 31.00                                    | 9.29                                |
| (ii) Intangible assets   | 2.70                                     | 3.31                                |
| (iii) Intangible assets under development  | 2.89                                     | 1.00                                |
| (b) Deferred tax assets (net)  | -  | 21.92                               |
| (c) Long-term loans and advances   | 16,620.71                                | 7,706.41                            |
| (d) Other non-current assets   | 6.17                                     | 42.00                               |
|  | 16,663.47                                | 7,783.93                            |
| <b>Current assets</b>  |  |                                     |
| (a) Trade receivables  | 3.89                                     | -                                   |
| (b) Cash and bank balances   | 63.85                                    | 72.21                               |
| (c) Short-term loans and advances  | 12,434.34                                | 7,296.37                            |
| (d) Other current assets   | 352.14                                   | 364.34                              |
|  | 12,854.22                                | 7,732.92                            |
| <b>TOTAL</b>   | 29,517.69                                | 15,516.85                           |

Significant accounting policies and notes to the condensed interim financial statements

**1 & 2**

The accompanying notes are an integral part of the condensed interim financial statements

This is the unaudited condensed interim balance sheet referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**

Chartered Accountants

Firm Registration Number. 012754N/N500016

For and on behalf of the Board of Directors

**Edelweiss Retail Finance Limited**

**Sharad Agarwal**

Partner

Membership No: 118522

,

Mumbai  
16 February 2018

**Anil Kothuri**

Director

DIN: 00177945

**Vineet Mahajan**  
Chief Financial Officer  
Mumbai  
16 February 2018

**Shalinee Mimani**

Director

DIN : 07404075

**Sudipta Majumdar**  
Company Secretary  
Mumbai  
16 February 2018

# Edelweiss Retail Finance Limited

## Unaudited Condensed Interim Statement of Profit and Loss

(Currency : Indian Rupees in Millions)

|   | <b>For the nine months period<br/>ended<br/>31 December 2017<br/>(Unaudited)</b> |
|---|--|
| <b>Revenue from operations</b>  |  |
| Fee and commission income   | 173.15   |
| Interest income   | 2,265.07   |
| <b>Other income</b>   | 13.02  |
| <b>Total Revenue</b>  | <u>2,451.24</u>  |
| <b>Expenses</b>   |  |
| Employee benefit expenses   | 231.41   |
| Finance costs   | 1,054.75   |
| Depreciation  | 8.14   |
| Other expenses  | 777.03   |
| <b>Total expenses</b>   | <u>2,071.33</u>  |
| <b>Profit before tax</b>  | 379.91   |
| Tax expense:  |  |
| (1) Current tax   | 126.79   |
| (2) MAT credit entitlement  | (33.69)  |
| (3) Deferred tax (net)  | 34.95  |
| Profit for the period   | <u>251.86</u>  |
| <b>Earnings per equity share (Face value Rs. 10 each):<br/>Basic and diluted (not annualised)</b> | 7.24   |

Significant accounting policies and notes to the condensed interim financial statements

**1 & 2**

The accompanying notes are an integral part of the condensed interim financial statements

This is the condensed interim statement of profit and loss referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**  
*Chartered Accountants*  
Firm Registration Number. 012754N/N500016

For and on behalf of the Board of Directors  
**Edelweiss Retail Finance Limited**

**Sharad Agarwal**  
*Partner*  
Membership No: 118522

**Anil Kothuri**  
*Director*  
DIN: 00177945

**Shalinee Mimani**  
*Director*  
DIN : 07404075

Mumbai  
16 February 2018

**Vineet Mahajan**  
*Chief Financial Officer*  
Mumbai  
16 February 2018

**Sudipta Majumdar**  
*Company Secretary*  
Mumbai  
16 February 2018

# Edelweiss Retail Finance Limited

## Unaudited Condensed Interim Cash Flow Statement

(Currency : Indian Rupees in Millions)

**For the nine months  
period ended  
31 December 2017**

|          |  |             |
|----------|--|-------------|
| <b>A</b> | <b>Cash flow from operating activities</b>                         |             |
|          | Profit before tax  | 379.91      |
|          | <b>Adjustments for</b>   |             |
|          | Depreciation and Amortization Expenses                             | 8.14        |
|          | Provision for standard assets                                      | 60.82       |
|          | Provision for Restructured advances                                | 0.62        |
|          | Provision for non performing assets                                | 23.87       |
|          | Provision for credit loss on securitisation                        | (21.22)     |
|          | Bad-debts and advance written off                                  | 198.63      |
|          | Loss on sale of Fixed assets(net)                                  | (0.01)      |
|          | <b>Operating cash flow before working capital changes</b>          | 650.76      |
|          | Add / (Less): Adjustments for working capital changes              |             |
|          | Increase in receivable from financing business (Refer note 3)      | (13,792.67) |
|          | Increase in other loans and advances                               | (428.00)    |
|          | Increase in other current assets                                   | 48.03       |
|          | Increase in liabilities and provisions                             | 2,085.41    |
|          | <b>Net cash used in operating activities</b>                       | (11,436.47) |
|          | Income taxes paid  | (127.25)    |
|          | <b>Net cash used in operating activities -A</b>                    | (11,563.72) |
| <b>B</b> | <b>Cash flow from investing activities</b>                         |             |
|          | Purchase of fixed assets (tangible assets)                         | (29.63)     |
|          | Intangible assets under development                                | (1.89)      |
|          | Proceeds from sale of Fixed assets (tangible assets)               | 0.41        |
|          | Increase in fixed deposits   | 64.33       |
|          | <b>Net cash generated from investing activities - B</b>            | 33.22       |
| <b>C</b> | <b>Cash flow from financing activities</b>                         |             |
|          | Proceeds from issue of equity shares                               | 50.00       |
|          | Securities Premium   | 450.00      |
|          | Premium payable on Redemption on Non-Convertible Debentures        | (31.67)     |
|          | Debt issue expenses  | (28.86)     |
|          | Redemption of non convertible debentures                           | (1,702.12)  |
|          | Proceeds from issue of non convertible debentures                  | 1,982.94    |
|          | Proceeds from issue of sub-debt                                    | 1,240.00    |
|          | Proceeds from issue of perpetual debt                              | 200.00      |
|          | Proceeds from long-term borrowings (Refer note 3)                  | 8,717.75    |
|          | Proceeds from short-term borrowings (Net of repayment)             | 708.43      |
|          | <b>Net cash generated from financing activities - C</b>            | 11,586.47   |
|          | <b>Net Increase in cash and cash equivalents (A+B+C)</b>           | 55.97       |
|          | Cash and cash equivalents as at the beginning of the year          | 7.88        |
|          | Cash and cash equivalents as at the end of the year (Refer note.1) | 63.85       |

Significant accounting policies and notes to the condensed interim financial statements **1 & 2**

The accompanying notes are an integral part of the unaudited condensed interim financial statements

This is the unaudited condensed interim cash flow statement referred to in our report of even date.

Notes:

**1 Details of Cash and cash equivalents**

| Particulars                  | As at 31 December 2017 |
|------------------------------|------------------------|
| Cash in hand                 | -                      |
| Balances with Schedule banks |                        |
| - Current Accounts           | 63.85                  |

- 2 The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" specified under section 133 of companies Act, 2013 read with Paragraph 7 of the Companies (Accounts) Rules, 2014.
- 3 Net figures have been reported on account of volume of transactions

For **Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
Firm Registration Number. 012754N/N500016

For and behalf of the Board of Directors  
**Edelweiss Retail Finance Limited**

**Sharad Agarwal**  
Partner  
Membership No: 118522

**Anil Kothuri**  
Director  
DIN : 00177945

**Shalinee Mimani**  
Director  
DIN : 07404075

Mumbai  
16 February 2018

**Vineet Mahajan**  
Chief Financial Officer  
Mumbai  
16 February 2018

**Sudipta Majumdar**  
Company Secretary  
Mumbai  
16 February 2018

# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

### 1. Significant accounting policies

#### 1.1 Basis of preparation

The Unaudited Special Purpose Condensed Interim Financial Statements (herein after referred to as the “Condensed Interim Financial Statements”) of Edelweiss Retail Finance Limited (the “Company”) prepared by the Management of the Company, for the purpose of inclusion in the Draft Prospectus and the Prospectus in connection with the Proposed Public Offering of Non-Convertible Debentures of the Company (the “Issue”) pursuant to the requirements of Section 26 of the Companies Act, 2013 (hereinafter referred to as the “Act”) read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the “Rules”) and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended to date read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 (the “SEBI Regulations”) issued by the Securities and Exchange Board of India (the “SEBI”), to be submitted with the stock exchanges where the Company's debentures are listed, Securities and Exchange Board of India (“SEBI”) and Registrar of Companies, Mumbai.

These condensed interim financial statements have been prepared in accordance with Accounting Standard, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, as updated by the Companies (Accounting Standard) Amendment Rules, 2016 and to comply in all material aspects with Indian Generally Accepted Accounting Principles (“GAAP”) in India under historical cost convention on accrual basis and comply in all material aspects with the accounting standards and circulars and guidelines issued by the Reserve Bank of India (“RBI”), to the extent considered relevant by it for the purpose for which these condensed interim financial statements have been prepared. The accounting policies applied by the Company for preparation of these condensed interim financial statements are consistent with those adopted for preparation of the financial statements as at and for the year ended March 31, 2017.

The Company being an NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

The Condensed interim financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure requirements applicable to statutory financial statements under the Companies Act 2013.

a. These condensed interim financial statements are the first interim financial statements of the Company, in terms of AS 25-“Interim Financial Reporting”, no comparative information is needed to be disclosed for statement of profit and loss and cash flow statement.

b. These condensed interim financial statements have been approved by the Securities IPO Committee of the Board of Directors at their meeting held on February 16, 2018 and have been subjected to limited review by the Company's statutory auditors.

# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

*(Continued)*

### **1.2 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### **1.3 Current-non-current classification**

All assets and liabilities are classified into current and non-current

#### **Assets**

An Asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primary for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

### **1.4 Revenue recognition**

- a. Fees Income including processing fees (other than small & medium enterprises loans) are accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b. In case of small & medium enterprises loans, processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under "Other current liabilities" and "Other long term liabilities" based on amortisable tenor. In the event of a loan being foreclosed, securitised or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure, securitisation or write off.



# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

*(Continued)*

- c. Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines. Loans are repaid by way of Equated Monthly Instalments (EMIs), which comprise of principal and interest. Interest is calculated on outstanding balance at the beginning of a month. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.
- d. Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- e. Dividend income is recognised when the right to receive payment is established.
- f. Penal interest income on delayed EMI or Pre-EMI is recognized on receipt basis.
- g. Charges levied like cheque bouncing charges, loan conversion charges etc are recognized on receipt basis.

### **1.5 Provisioning on receivables from financing business**

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

### **1.6 Fixed assets and depreciation**

#### **Property, plant & equipment (Tangible assets)**

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. The cost of Property, plant & equipment comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The useful lives of the fixed assets are as follows:

| <b>Nature of assets</b>  | <b>Estimated useful life</b> |
|--|------------------------------|
| Office Equipment   | 5 years                      |
| Vehicles   | 8 years                      |
| Computer and data processing units-End user devices, such as Desktops, laptops, etc. | 3 years                      |

# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

*(Continued)*

### **Intangible fixed assets**

Intangible fixed assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Intangibles such as software are amortised over a period of 3 years or estimated useful life, whichever is shorter life.

### **1.7 Employee benefits**

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

#### *Provident fund*

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

#### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

#### *Compensated Absences*

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

### **1.8 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the assets net selling price and the value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable

# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

*(Continued)*

amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

### **1.9 Investments**

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

### **1.10 Loan origination costs**

Loan origination costs comprise of costs paid to third party vendors and intermediaries for loan acquisition, processing, field verification, legal evaluation, title search, fraud check, technical valuation, etc. Such origination costs, directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed as part of "Long-term loans and advances" and "Short-term loan and advances" based on amortisable tenor. Where the loan is foreclosed, securitised or written off, the unamortised portion of such loan origination costs are recognised as a charge to the statement of profit and loss at the time of such foreclosure, securitisation or write off.

### **1.11 Securitised Assets**

Assets that are securitised and assigned are derecognised in the books of accounts based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the generally accepted accounting principles and industry practice.

### **1.12 Taxation**

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

#### *Current tax*

Provision for income tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

#### *Deferred tax*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are

# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

### *(Continued)*

reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

#### *Minimum Alternate Tax (MAT)*

MAT credit asset is recognised where there is convincing evidence that the asset can be realised in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

### **1.13 Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares considered for deriving basic earning per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

### **1.14 Provisions and contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

### **2.1 Capital Commitments**

- a) Undrawn committed credit lines Rs. 1,382.51 million as at balance sheet date.
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 25.79 million.

# Edelweiss Retail Finance Limited

## Notes to the Condensed Interim Financial Statements

*(Continued)*

### 2.2 Contingent liabilities

- a) The Company has no contingent liabilities as at the balance sheet date.

Corporate guarantee given by the Company in relation to securitisation transaction is Rs. 328.98 million.

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with income tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

### 2.3 Segment Reporting

The Company is registered with the Reserve Bank of India as a Non Banking Financial Company engaged in the business of lending and financing. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the Domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014.

**Edelweiss Retail Finance Limited**  
**Notes to the Condensed Interim Financial Statements**  
*(Continued)*

Notes 1 to 2.3 forms an integral part of the Condensed Interim Financial Statements

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**  
*Chartered Accountants*

For and on behalf of the **Board of Directors**  
**Edelweiss Retail Finance Limited**

Firm Registration Number. 012754N/N500016

**Sharad Agarwal**

*Partner*

Membership No: 118522

**Anil Kothuri**

*Director*

DIN: 00177945

**Shalinee Mimani**

*Director*

DIN : 07404075

**Vineet Mahajan**  
*Chief Financial Officer*

Mumbai  
16 February 2018

Mumbai  
16 February 2018

**Sudipta Majumdar**  
*Company Secretary*

Mumbai  
16 February 2018

## **MATERIAL DEVELOPMENTS**

Except as stated below, there have been no material developments since December 31, 2017 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

On January 31, 2018, our Company issued 5 million equity shares of face value ₹ 10 each to Edelweiss Financial Services Limited by way of a rights issue basis. Subsequent to the issue and the allotment thereafter, the shareholding of Edelweiss Financial Services Limited is 22.57% as on the date of this Prospectus.

Our Company has, in the normal course of business, raised funds by way of private placement, through issuance of listed unsecured subordinated redeemable non convertible perpetual debt (qualifying as Tier I) in the form of debentures amounting to ₹ 250 million on February 7, 2018.

## FINANCIAL INDEBTEDNESS

As on December 31, 2017, our Company has outstanding secured borrowings of ₹19,481.52 million and unsecured borrowings of ₹2,584.06 million which constitutes 88.29% and 11.71% respectively of total borrowings. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

As on December 31, 2017, total borrowings (secured and unsecured) of our Company is ₹22,065.58 million.

### A. Edelweiss Retail Finance Limited

#### (a) Secured Borrowings

| #  | Name of the Lender, facility, and details of documentation   | Purpose                                     | Amount Sanctioned (₹ in million)                     | Rate of Interest                           | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|----|--|---|--|--|---|-----------------------------|--|
| 1. | <b>Axis Bank Limited</b><br><br>Deed of Hypothecation dated May 24, 2017<br><br>Letter of Arrangement dated May 24, 2017<br><br>Letter of Comfort dated May 24, 2017<br><br>Sanction Letter dated March 30, 2017 | For onward lending to multiple borrowers    | Working capital loan – 250.00                        | 8.50% p.a.<br><br>(linked to 3 month MCLR) | 225.91  | Hypothecation of Book Debts | 12 months<br><br>On Demand   |
| 2. | <b>Canara Bank</b><br><br>Common Hypothecation Agreement dated December 26, 2017<br><br>Letter of Undertaking dated December 26, 2017<br><br>Request for Overdraft Facilities dated December 26, 2017            | Onward lending to eligible for bank finance | Working capital/Working capital demand loan – 250.00 | 8.40% p.a.<br><br>(linked to 1Y MCLR)      | 250.00  | Hypothecation of Book Debts | 12 months<br><br>On Demand<br><br>Each tranche shall be payable in a single bullet payment on the due date |



| #  | Name of the Lender, facility, and details of documentation   | Purpose  | Amount Sanctioned (₹ in million) | Rate of Interest                           | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|----|--|--|----------------------------------|--|---|-----------------------------|--|
|    | Letter of Comfort dated December 26, 2017<br><br>Declaration Letter dated December 26, 2017  |  |                                  |  |   |                             |  |
| 3. | <b>Canara Bank</b><br><br>Common Hypothecation Agreement dated December 26, 2017<br><br>Sanction Letter dated November 24, 2017<br><br>Modified Sanction Letter dated December 21, 2017<br><br>Letter of Comfort dated December 26, 2017<br><br>Declaration Letter dated December 26, 2017<br><br>Undertaking Letter dated December 26, 2017 | Onward lending to activities eligible for bank finance | Term loan- 1,250.00              | 8.40% p.a.<br><br>(linked to 1Y MCLR)      | 1,251.44*   | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 quarterly instalments after moratorium of 12 months from the date of disbursement |
| 4. | <b>DCB Bank Limited</b><br><br>Term Loan Agreement dated September 28, 2015<br><br>Deed of Hypothecation dated September 28, 2015  | For onward lending                                     | Term loan – 250.00               | 8.62% p.a.<br><br>(linked to 1 month MCLR) | 62.50   | Hypothecation of Book Debts | 36 months<br><br>Repayable in 12 quarterly from the date of disbursement   |

| #  | Name of the Lender, facility, and details of documentation  | Purpose  | Amount Sanctioned (₹ in million) | Rate of Interest                          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|----|---|--|----------------------------------|---|---|-----------------------------|--|
|    | Sanction letter dated September 24, 2015  |  |                                  |   |   |                             |  |
|    | Letter of Comfort dated October 9, 2015   |  |                                  |   |   |                             |  |
| 5. | <b>Dena Bank</b><br>Loan Agreement dated November 23, 2015<br>Agreement of Hypothecation of Book Debts dated November 23, 2015<br>Letter of Comfort dated November 23, 2015<br>Sanction Letter dated October 31, 2015<br>Sanction Letter dated May 15, 2017<br>Sanction Letter dated January 31, 2018 | Onward lending business as approved by the RBI | Term loan – 750.00               | 8.75% p.a.<br><br>(linked to 1 year MCLR) | 558.75  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
| 6. | <b>HDFC Bank Limited</b><br>Letter of Hypothecation of Book Debts dated September 18, 2015<br>Sanction Letter dated July 7, 2015  | Onward lending                                 | Term loan (1) – 400.00           | 9.05% p.a.<br><br>(linked to 1 year MCLR) | 100.00  | Hypothecation of Book Debts | 36 months<br><br>Repayable in 12 equal quarterly instalments from the date of disbursement                               |
| 7. | <b>HDFC Bank Limited</b>  | Onward lending                                 | Term loan (2) – 400.00           | 8.50% p.a.                                | 333.33  | Hypothecation of Book Debts | 36 months  |

| #   | Name of the Lender, facility, and details of documentation   | Purpose                             | Amount Sanctioned (₹ in million)            | Rate of Interest                          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|--|-------------------------------------|---|---|---|-----------------------------|--|
|     | Letter of Hypothecation of Book Debts dated March 21, 2017<br><br>Sanction Letter dated August 23, 2016  |                                     |   | (linked to 1 year MCLR)                   |   |                             | Repayable in 12 equal quarterly instalments from the date of disbursement                  |
| 8.  | <b>HDFC Bank Limited</b><br><br>Loan Agreement dated September 28, 2017<br><br>Deed of Hypothecation dated September 28, 2017<br><br>Sanction Letter dated September 27, 2017<br><br>Letter of Comfort dated September 2, 2017 | Onward lending                      | Term loan (3) – 500.00                      | 8.30% p.a.<br><br>(linked to 1 year MCLR) | 458.33  | Hypothecation of Book Debts | 36 months<br><br>Repayable in 12 equal quarterly instalments from the date of disbursement |
| 9.  | <b>HDFC Bank Limited</b><br><br>Letter of Hypothecation of Book Debts dated September 18, 2015<br><br>Agreement for Overdraft dated September 18, 2015<br><br>Sanction Letter dated July 7, 2015                               | Onward lending                      | Working capital loan (cash credit) – 100.00 | 10.10% (linked to 1 year MCLR)            | 49.99   | Hypothecation of Book Debts | 12 months<br><br>On Demand   |
| 10. | <b>Indian Bank</b><br><br>Medium Term Loan Agreement   | Onward lending purpose eligible for | Term Loan – 1000.00                         | 8.40% p.a. (linked to 1 year              | 1,000.00  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal   |

| #   | Name of the Lender, facility, and details of documentation   | Purpose            | Amount Sanctioned (₹ in million) | Rate of Interest                           | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|--|--------------------|----------------------------------|--|---|-----------------------------|--|
|     | dated December 27, 2017  | bank finance       |                                  | MCLR)                                      |   |                             | quarterly instalments after moratorium of 12 months from the date of disbursement.                                       |
| 11. | <b>Karnataka Bank Limited</b><br><br>Loan Agreement dated March 27, 2017<br><br>Agreement of Hypothecation dated March 27, 2017<br><br>Sanction Letter dated March 21, 2017<br><br>Letter of Comfort dated March 27, 2017  | For onward lending | Term loan (1) – 500.00           | 9.15% p.a.<br><br>(linked to 1 year MCLR)  | 500.00  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
| 12. | <b>Karnataka Bank Limited</b><br><br>Loan Agreement dated July 31, 2017<br><br>Agreement of Hypothecation dated July 31, 2017<br><br>Sanction Letter dated July 29, 2017<br><br>Sanction Letter dated July 31, 2017<br><br>Letter of Comfort dated July 31, 2017 | For onward lending | Term loan (2) – 500.00           | 8.50% p.a.<br><br>(linked to 6 month MCLR) | 500.00  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |

| #   | Name of the Lender, facility, and details of documentation  | Purpose  | Amount Sanctioned (₹ in million) | Rate of Interest                            | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule   |
|-----|---|--|----------------------------------|---|---|-----------------------------|---|
| 13. | <b>Kotak Mahindra Bank Limited</b><br><br>Master Facility Agreement dated December 24, 2014<br><br>Deed of Hypothecation dated January 14, 2015<br><br>Supplemental Agreement dated September 27, 2017<br><br>Supplemental Deed of Hypothecation dated September 27, 2017<br><br>Sanction Letter dated September 20, 2017<br><br>Letter of Comfort dated September 27, 2017 | For onward lending in accordance with RBI guidelines | Term loan – 500.00               | 8.50% p.a.<br><br>(linked to 6 months MCLR) | 500.00  | Hypothecation of Book Debts | 36 months<br><br>Repayable in 10 equal quarterly instalments from the date of disbursement, with first instalment falling due at end of 9 months from the date of disbursement of each tranche of the term loan |
| 14. | <b>Kotak Mahindra Bank Limited</b><br><br>Master Facility Agreement dated December 24, 2014<br><br>Deed of Hypothecation dated January 14, 2015<br><br>Supplemental Agreement dated September 27, 2017  | To meet working capital requirement of our Company   | Working capital loan – 350.00    | 9.55% (linked to 6 month MCLR)              | 350.00  | Hypothecation of Book Debts | 12 months<br><br>On Demand  |

| #   | Name of the Lender, facility, and details of documentation         | Purpose   | Amount Sanctioned (₹ in million) | Rate of Interest                            | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|--|---|----------------------------------|---|---|-----------------------------|--|
|     | Supplemental Deed of Hypothecation dated September 27, 2017        |   |                                  |   |   |                             |  |
|     | Sanction Letter dated September 20, 2017                           |   |                                  |   |   |                             |  |
|     | Letter of Comfort dated September 27, 2017                         |   |                                  |   |   |                             |  |
| 15. | <b>Punjab and Sind Bank</b>  | For onward lending purposes in accordance with RBI guidelines | Term loan (1) – 400.00           | 8.75% p.a.<br><br>(linked to 1 year MCLR)   | 300.00  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
|     | Agreement for Hypothecation of Book Debts dated December 30, 2015  |   |                                  |   |   |                             |  |
|     | Sanction Letter dated December 30, 2015                            |   |                                  |   |   |                             |  |
|     | Letter of Comfort dated December 30, 2015                          |   |                                  |   |   |                             |  |
| 16. | <b>Punjab and Sind Bank</b>  | For onward lending purposes in accordance with RBI guidelines | Term loan (2) – 1,000.00         | 8.35% p.a.<br><br>(linked to 6 months MCLR) | 1,000.00  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
|     | Agreement for Hypothecation of Book Debts dated September 28, 2017 |   |                                  |   |   |                             |  |
|     | Sanction Letter dated September 27, 2017                           |   |                                  |   |   |                             |  |
|     | Letter of Comfort dated September 28, 2017                         |   |                                  |   |   |                             |  |
| 17. | <b>Punjab and Sind Bank</b>  | For onward lending  | Term loan (3) – 1,000.00         | 8.10 % p.a.                                 | 1,000.00  | Hypothecation of Book Debts | 60 months  |

| #   | Name of the Lender, facility, and details of documentation  | Purpose   | Amount Sanctioned (₹ in million)            | Rate of Interest                          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|---|---|---|---|---|-----------------------------|--|
|     | Agreement for Hypothecation of Book Debts dated December 11, 2017<br><br>Sanction Letter dated December 5, 2017<br><br>Letter of Comfort dated December 11, 2017  | purposes in accordance with RBI guidelines                    |   | (linked to 6 month MCLR)                  |   |                             | Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement                  |
| 18. | <b>Punjab and Sind Bank</b><br><br>Agreement for Hypothecation of Book Debts dated December 30, 2015<br><br>Sanction Letter dated December 29, 2015<br><br>Letter of Comfort dated December 30, 2015                    | For onward lending purposes in accordance with RBI guidelines | Working capital loan (cash credit) – 100.00 | 8.75% p.a.<br><br>(linked to 1 year MCLR) | 91.76   | Hypothecation of Book Debts | 12 months<br><br>On Demand   |
| 19. | <b>Punjab National Bank</b><br><br>Term Loan Agreement dated March 29, 2016<br><br>Deed of Hypothecation dated March 29, 2016<br><br>Sanction Letter dated March 22, 2016<br><br>Letter of Comfort dated March 29, 2016 | For onward lending purposes in accordance with RBI guidelines | Term loan (1) – 750.00                      | 8.70% p.a.<br><br>(linked to 1 year MCLR) | 608.86  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |

| #   | Name of the Lender, facility, and details of documentation  | Purpose   | Amount Sanctioned (₹ in million)           | Rate of Interest                           | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|---|---|--|--|---|-----------------------------|--|
| 20. | <b>Punjab National Bank</b><br><br>Term Loan Agreement dated December 29, 2017<br><br>Deed of Hypothecation dated December 29, 2017<br><br>Undertaking and Declarations dated December 29, 2017<br><br>Sanction Letter dated March 29, 2017<br><br>Credit facilities amendment dated December 21, 2017<br><br>Letter of Comfort dated December 29, 2017 | For onward lending purposes in accordance with RBI guidelines | Term loan (2) – 900.00                     | 8.25% p.a.<br><br>(linked to 1 year MCLR)  | 900.61*   | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
| 21. | <b>Punjab National Bank</b><br><br>Deed of Hypothecation dated December 29, 2017<br><br>Undertaking and Declarations dated December 29, 2017<br><br>Cash Credit Facility Agreement dated December 29, 2017<br><br>Sanction Letter dated December 29, 2017   | To meet short term asset-liability mismatch                   | Working Capital loan (Cash credit)– 350.00 | 8.70 % p.a.<br><br>(linked to 1 year MCLR) | 325.94  | Hypothecation of Book Debts | 12 months<br><br>On Demand   |



| #   | Name of the Lender, facility, and details of documentation    | Purpose   | Amount Sanctioned (₹ in million) | Rate of Interest                                       | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|---|---|----------------------------------|--|---|-----------------------------|--|
|     | Credit facilities amendment dated December 21, 2017           |   |                                  |  |   |                             |  |
|     | Letter of Comfort dated December 29, 2017                     |   |                                  |  |   |                             |  |
| 22. | <b>Small Industries Development Bank of India</b>             | For onward lending to micro, small and medium enterprises   | Term loan (1) – 1,500.00         | 8.50% p.a.<br><br>(linked to SIDBI Prime Lending Rate) | 1,500.00  | Hypothecation of Book Debts | 58 months<br><br>Repayable in 18 equal quarterly instalments from the date of disbursement, with first instalment falling at the end of 6 months from the date of disbursement |
|     | Agreement of Loan and General Conditions dated June 14, 2017  |   |                                  |  |   |                             |  |
|     | Deed of Hypothecation dated June 14, 2017                     |   |                                  |  |   |                             |  |
|     | Letter of Intent dated April 25, 2017                         |   |                                  |  |   |                             |  |
| 23. | <b>Small Industries Development Bank of India</b>             | For onward lending (to micro, small and medium enterprises) | Term loan (2) – 1,050.00         | 8.50% p.a.<br><br>(linked to SIDBI Prime Lending Rate) | 1,050.00  | Hypothecation of Book Debts | 63 months<br><br>Repayable in 20 equal quarterly instalments from the date of disbursement, with first instalment falling at the end of 6 months from the date of disbursement |
|     | Undertaking and Declaration dated November 29, 2017           |   |                                  |  |   |                             |  |
|     | Deed of Hypothecation dated November 29, 2017                 |   |                                  |  |   |                             |  |
|     | Loan Agreement and General Conditions dated November 29, 2017 |   |                                  |  |   |                             |  |
|     | Letter of Comfort dated November 29, 2017                     |   |                                  |  |   |                             |  |
| 24. | <b>South India Bank Limited</b>                               | For onward lending as                                       | Term loan – 450.00               | 8.45% p.a.   | 450.00  | Hypothecation of Book Debts | 60 months  |

| #   | Name of the Lender, facility, and details of documentation                            | Purpose                                   | Amount Sanctioned (₹ in million)           | Rate of Interest          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule   |
|-----|---|---|--|---------------------------|---|-----------------------------|---|
|     | Term Loan Agreement dated September 1, 2017   | approved by the RBI                       |  | (linked to 6 months MCLR) |   |                             | Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
|     | Composite Deed of Hypothecation of Book Debts and Receivables dated September 1, 2017 |   |  |                           |   |                             |   |
|     | Letter of Comfort dated September 1, 2017   |   |  |                           |   |                             |   |
|     | Sanction Letter dated August 11, 2017   |   |  |                           |   |                             |   |
|     | Sanction Letter dated August 28, 2017   |   |  |                           |   |                             |   |
| 25. | <b>South India Bank Limited</b>   | For onward lending as approved by the RBI | Working capital loan (cash credit) – 50.00 | 8.45% p.a.                | 45.26   | Hypothecation of Book Debts | 12 months<br>On Demand  |
|     | Composite Deed of Hypothecation of Book Debts and Receivables dated September 1, 2017 |   |  | (linked to 6 months MCLR) |   |                             |   |
|     | Cash Credit Facility Agreement dated September 1, 2017                                |   |  |                           |   |                             |   |
|     | Sanction Letter dated September 1, 2017   |   |  |                           |   |                             |   |
|     | Sanction Letter dated August 11, 2017   |   |  |                           |   |                             |   |
|     | Letter of Comfort dated August 28, 2017   |   |  |                           |   |                             |   |

| #   | Name of the Lender, facility, and details of documentation   | Purpose                                   | Amount Sanctioned (₹ in million)            | Rate of Interest                          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|--|---|---|---|---|-----------------------------|--|
| 26. | <b>State Bank of India</b><br><br>Facility Agreement dated March 15, 2016<br><br>Deed of Hypothecation dated March 15, 2016<br><br>Sanction Letter dated January 5, 2016<br><br>Sanction Letter dated March 18, 2017<br><br>Letter of Comfort dated March 15, 2017 | For onward lending as approved by the RBI | Term loan – 1,750.00                        | 9.00% p.a.<br><br>(linked to 1 year MCLR) | 1,418.31  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 quarterly instalments after moratorium of 12 months from the date of disbursement |
| 27. | <b>State Bank of India</b><br><br>Facility Agreement dated March 15, 2016<br><br>Deed of Hypothecation dated March 15, 2016<br><br>Sanction Letter dated January 5, 2016<br><br>Sanction Letter dated March 18, 2017<br><br>Letter of Comfort dated March 15, 2017 | For onward lending as approved by the RBI | Working capital loan (cash credit) – 250.00 | 9.35% p.a.<br><br>(linked to 1 year MCLR) | 235.53  | Hypothecation of Book Debts | 12 months<br><br>On Demand   |
| 28. | <b>State Bank of India (formerly State Bank of Patiala)</b>  | For onward lending as approved by the RBI | Term loan – 500.00                          | 8.55% p.a.<br><br>(linked to 1 year       | 362.36  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly   |

| #   | Name of the Lender, facility, and details of documentation             | Purpose                                   | Amount Sanctioned (₹ in million) | Rate of Interest                          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|--|---|----------------------------------|---|---|-----------------------------|--|
|     | Agreement for Loan for Overall Limit dated December 30, 2015           |   |                                  | MCLR)                                     |   |                             | instalments after moratorium of 12 months from the date of disbursement  |
|     | Agreement of Hypothecation of Goods and Assets dated December 30, 2015 |   |                                  |   |   |                             |  |
|     | Sanction Letter dated December 29, 2015                                |   |                                  |   |   |                             |  |
|     | Sanction Letter dated December 24, 2015                                |   |                                  |   |   |                             |  |
|     | Letter of Comfort dated December 30, 2015                              |   |                                  |   |   |                             |  |
|     | Sanction Letter dated February 22, 2017                                |   |                                  |   |   |                             |  |
| 29. | <b>United Bank of India</b>  | For onward lending as approved by the RBI | Term loan (1) – 600.00           | 8.80% p.a.<br><br>(linked to 1 year MCLR) | 412.50  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
|     | Agreement of Term Loan dated September 24, 2015                        |   |                                  |   |   |                             |  |
|     | Hypothecation Agreement dated September 24, 2015                       |   |                                  |   |   |                             |  |
|     | Sanction Letter dated September 15, 2015                               |   |                                  |   |   |                             |  |
|     | Sanction Letter dated September 7, 2015                                |   |                                  |   |   |                             |  |
|     | Letter of Comfort dated September 24, 2015                             |   |                                  |   |   |                             |  |

| #   | Name of the Lender, facility, and details of documentation   | Purpose                                   | Amount Sanctioned (₹ in million)            | Rate of Interest                          | Amount Outstanding as on December 31, 2017 (₹ in million) | Security                    | Tenor/ Repayment Date/ Schedule  |
|-----|--|---|---|---|---|-----------------------------|--|
| 30. | <b>United Bank of India</b><br><br>Term Loan Agreement dated May 26, 2017<br><br>Deed of Hypothecation dated May 26, 2017<br><br>Sanction Letter dated April 10, 2017<br><br>Letter of Comfort dated May 26, 2017  | For onward lending as approved by the RBI | Term loan (2) – 300.00                      | 8.80% p.a.<br><br>(linked to 1 year MCLR) | 300.00  | Hypothecation of Book Debts | 60 months<br><br>Repayable in 16 equal quarterly instalments after moratorium of 12 months from the date of disbursement |
| 31. | <b>United Bank of India</b><br><br>Hypothecation Agreement dated September 24, 2015<br><br>Sanction Letter dated September 15, 2015<br><br>Sanction Letter dated September 7, 2015<br><br>Letter of Comfort dated September 24, 2015<br><br>Sanction Letter dated April 10, 2017 | For onward lending as approved by the RBI | Working capital loan (cash credit) – 150.00 | 9.00% p.a.<br><br>(linked to 1 year MCLR) | 0.00  | Hypothecation of Book Debts | 12 months<br><br>On Demand   |

\* including accrued interest

### Terms and conditions of Term loans:

| Bank                   | Re-scheduling | Prepayment                                      | Penalty   |
|------------------------|---------------|---|---|
| Axis Bank Limited      | NIL           | N.A.  | (i) 2% p.a. on the overdue interest/ instalment for non-payment of interest/ instalment.<br>(ii) Rate of interest shall be 1% p.a. higher than the stipulated upon delay in creation of security.<br>(iii) 2% p.a. on the total credit limit sanctioned for failure to obtain external ratings by a rating agency approved by the RBI, within 3 months from date of disbursement.<br>(iv) 1% p.a on applicable interest rate for default in the following: <ul style="list-style-type: none"> <li>• Maintaining TOL/TNW of 7 times during the tenor of loan.</li> <li>• CAR falling below 15%.</li> <li>• Gross NPA crossing 2% p.a. and net NPA at 1.5% during tenor of the loan.</li> </ul>   |
| Canara Bank            | NIL           | NIL, after notice of 30 days, otherwise 2% p.a. | (i) 2% p.a. over and above applicable rate of interest, in case of non-compliance of sanction terms/conditions.<br>(ii) 2% p.a. on the outstanding liability, if audited financial statement not submitted before 31 October, every year or within a fortnight from the date of audit of financial accounts, whichever is earlier.<br>(iii) 2% p.a. on the over-due interest/ instalment in case of non-payment of interest/ instalment on the due date.  |
| DCB Bank Limited       | NIL           | 2% p.a. or minimum ₹ 10,000/-                   | (i) 2% p.a. of the overdue amount for delays in payment of interest/ repayment of principal.<br>(ii) 0.1% p.m. of the sanctioned limit for delay in renewal of limits due to non-submission of required information.<br>(iii) 0.2% per quarter of the sanctioned limit (minimum ₹ 20,000) for delays in submission of QIS data.<br>(iv) 2% p.a. of the sanctioned limit till the date of compliance for non-compliance of sanction terms within the stipulated time-frame.<br>(v) 2% p.a. on all sanctioned limits in case of delay in submission of annual audited financial statement beyond 6 months.<br>(vi) 25 bps on the total credit limit sanctioned for failure to obtain external ratings by a rating agency approved by the RBI, within 1 month from date of disbursement. |
| Dena Bank              | NIL           | NIL after notice of 30 days                     | 1% p.a. in case of failure to arrange for NOC Letter from all lenders within 3 months from disbursement.  |
| HDFC Bank Limited      | NIL           | NIL at time of Annual reset, otherwise 2% p.a.  | (i) ₹ 500 for each day of delay for non-submission of QIS reports or similar statements.<br>(ii) ₹ 500 for each day of delay for delay in submission of monthly stock and book debts statement, beyond 20 days.   |
| Indian Bank            | NIL           | NIL after notice of 30 days                     | NIL   |
| Karnataka Bank Limited | NIL           | NIL after notice of 30 days, 2%                 | (i) 1% p.a over and above the sanctioned rate on the outstanding balance after the said date for failure  |

| Bank                        | Re-scheduling | Prepayment   | Penalty   |
|-----------------------------|---------------|--|---|
|                             |               | p.a. in case of takeover of liabilities by other Banks | <p>to submit annual financial statement of the company by the end of 31 December of that year.</p> <p>(ii) Our Company should pay penal interest at the rate of 5% p.a. for delayed servicing of instalments/ interest.</p> <p>(iii) Penal interest of 1% p.a. shall be charged, for failure to obtain NOC from existing charge holders within 6 months from the date of sanction.</p>  |
| Kotak Mahindra Bank Limited | NIL           | 2% p.a. of the amount prepaid                          | <p>(i) Company shall submit monthly receivable statement to the bank as of last working day of every month in prescribed format. Such statement shall be received by the bank on or before the 25th of every subsequent month, failing which penal interest of 1% p.a. shall be charged for the delay.</p> <p>(ii) 2% p.a. (compounded monthly) above the interest rate shall be paid for non-payment of interest/ instalment on the loan from the due date.</p> <p>(iii) 0.25% p.a. or as advised by the bank, on the outstanding at the end of the quarter in which there is a failure to provide Unhedged Foreign Currency Exposure Certificate on a quarterly basis and certificate from statutory auditors on a yearly basis.</p> <p>(iv) ₹ 2,000 in subsequent month and ₹ 5,000 per month (till submitted) thereafter for failure to submit half yearly ALM statement 45 days after the month end.</p> <p>(v) ₹ 2,000 in subsequent month and ₹ 5,000 per month (till submitted) thereafter for failure to submit provisional annual financials, within 15 days when asked by the bank.</p> <p>(vi) ₹ 2,000 in subsequent month and ₹ 5,000 per month (till submitted) thereafter for failure to submit audited annual financials, by subsequent 31<sup>st</sup> October.</p> <p>(vii) 1% per month on total exposure for first month, 2% per month thereafter shall be levied for non-creation of security</p> <p>(viii) ₹ 2,000 in subsequent month and ₹ 5,000 per month (till submitted) thereafter for failure to submit quarterly provisional financial statement, 30 days after the meeting of the board.</p> |
| Punjab and Sind Bank        | NIL           | N.A.   | <p>(i) Interest rate will be raised by 0.50% p.a. in case of non-submission of required financial papers for review/ renewal of limit in cases where negotiated interest rate is being charged, or by increase of spread, which comes on account of downgrading of credit rating, whichever is higher.</p> <p>(ii) Penal interest of 2% p.a. for failure to provide book debts statement and selected operational data on or before 10<sup>th</sup> of every succeeding month for a continuous period of 3 months.</p> <p>(iii) Failure to submit QIS I, II and III, within 2 months from close of half year shall attract penalty of 2% p.a. for the delayed period.</p>   |

| Bank                 | Re-scheduling | Prepayment   | Penalty   |
|----------------------|---------------|--|---|
|                      |               |  | <p>(iv) CMA data to be submitted at least one month before the due date of review. Any delay without specific approval from the bank will attract penal rate @2% p.a. In case CMA date is not submitted for a continuous period of three months, the bank may take further action as deemed fit by the Bank. Penal interest shall be charged under the following circumstances:</p> <ul style="list-style-type: none"> <li>• Irregularities/ overdrawn in cash credit account(s);</li> <li>• Non submission/ delayed submission of stock statements after the 15<sup>th</sup> of the following month;</li> <li>• Non/ delayed submission of renewal proposal with Audited Balance sheet, CMA data and statement of assets and liabilities of the guarantors after 10 months from the date of sanction;</li> <li>• Default in observance of borrowing covenants/ terms &amp; conditions of the sanction;</li> <li>• Any other eventuality/ situation to be decided by the Bank.</li> </ul> <p>(i) Additional interest for non obtention of external rating. to be charged as per bank guidelines/ sanction terms, if any.</p> <p>(ii) In case of overdues in the Account / non-compliance of major terms &amp; conditions, company to pay penal interest of 2.00% p.a.</p> |
| Punjab National Bank | NIL           | NIL if prepaid from own sources, otherwise 2% p.a. | <p>(i) 1% p.a for any adverse deviation by more than 20% p.a. from the levels stipulated as below in respect of any two of the following items for a minimum period of 1 year:</p> <ul style="list-style-type: none"> <li>• Current ratio of 1.26.</li> <li>• Total Outside Liabilities divided by Net Owned Funds (TOL/NOF) of 8:1</li> <li>• Interest coverage ratio of 2.20.</li> </ul> <p>(ii) 2% p.a. in case of default in payment of interest or instalment to the bank for the period of such default.</p> <p>(iii) 2% p.a. in case of default in payment of interest and or instalment on due dates, to another lender for the period of such default.</p> <p>(iv) Penal interests shall be calculated as provided below, for occurrence of each of the following events. However, penal interests shall not exceed 3% p.a.:</p> <ul style="list-style-type: none"> <li>• 1% p.a. for non-submission of stock statements beyond 25 days of the succeeding month.</li> <li>• 2% p.a. for irregularities in cash credit accounts for a period beyond 60 days.</li> <li>• 1% p.a. for non-submission of renewed data beyond three months from the due date of renewal and for non-compliance with covenants.</li> </ul>   |



| Bank  | Re-scheduling | Prepayment  | Penalty  |
|---|---------------|---|--|
| a) State Bank of India                                      | NIL           | a) NIL if prepaid from own sources,   | (i) Company shall furnish the audited balance sheet as at 31st March every year to renew exercise by August. If audited balance sheet is not submitted within time and delay is more than 1 month, pricing to go up by 25 bps till the audited balance sheet is submitted.   |
| b) State Bank of India                                      |               | otherwise 2% p.a.   |  |
| (Formerly State Bank of Patiala)                            |               | b) NIL at the time of Annual Reset with notice of 30 days, otherwise 2% p.a.    | (ii) Non-submission of renewal data 30 days before the due date for renewal of limits, a penal interest of ₹50000 shall be imposed up to due date of renewal & ₹100000/- shall be imposed till the date of submission.<br>(iii) 5% p.a. for irregularity in cash credit accounts for the period of irregularity (if continuous irregular for a period of 60 days) and in other cases 5% p.a. on the irregular portion for the portion of irregularity.<br>(iv) 1% p.a. for non-submission of renewed data beyond 3 months of such renewal.<br>(v) 1% p.a. to be charged on outstanding amount for delayed period if submission of quarterly/half yearly data/ security position certified by our Company's chartered accountant is not submitted within the permitted time.<br>(vi) For deviation in the range of 5% to 10% in TOL/NOF, NPA%, Asset Coverage Ratio (to be benchmarked as per the sanction note), a penalty of 25 bps shall be applicable per annum.<br>(vii) For deviation above 10% in TOL/NOF, NPA%, Asset Coverage Ratio (to be benchmarked as per the sanction note), a penalty of 50 bps shall be applicable per annum.<br>(viii) Subject to a ceiling of 3% p.a., a penal interest shall be charged for non-compliance with the following: <ul style="list-style-type: none"> <li>Overdrawing above the drawing limit/power is fund based working capital account or overdue instalment/ interest in term loans.</li> <li>Non submission of stock statement within 20 days of succeeding month.</li> <li>Non submission of audited balance sheet within 8 months of closing of financial year.</li> <li>Non submission of stock statement within 20 days of succeeding month.</li> <li>Non-renewal or inadequate cover of insurance policies.</li> </ul> |
| a) Small Industries Development Bank of India (Term loan 1) | NIL           | a) NIL after drawdown of 6 months and notice period of 90 days                  | (i) 2% p.a. over and above the applicable rate, by way of penal interest, shall be levied for defaults in payment of principal, interest and other monies payable under the loan agreement. Arrears of penal interest shall carry interest at the rate applicable for the loan.  |
| b) Small Industries Development Bank of India (Term loan 2) |               | b) NIL after obtaining prior written consent from SIDBI, which maybe granted as | (ii) 1% p.a. additional interest shall be charged for failure to obtain NOC from existing charge holders within 180 days from first disbursement.  |

| Bank                      | Re-scheduling | Prepayment   | Penalty  |
|---------------------------|---------------|--|--|
|                           |               | SIDBI deems fit, including levying interest of 1-3% p.a. on prepayment |  |
| South Indian Bank Limited | NIL           | NIL  | (i) Penal interest @ of 2.00% p.a. will be charged as per rules for default and non-compliances of any of the sanction stipulations.<br>(ii) 2% p.a. penal interest shall be charged for failure to renew limits within 12 months.   |
| United Bank of India      | NIL           | NIL after notice of 15 days  | Penalty of 1% p.a., subject to a maximum of 3% p.a. shall be imposed for the following:<br>(i) Default in repayment of loan instalments and or servicing of due interest.<br>(ii) Non-submission of periodic performance related reports, as specified by the bank.<br>(iii) Non-submission of audited balance sheet and profit and loss account within 6 months from the due date.<br>(iv) Non-compliance of terms of sanction.<br>(v) Non-submission of requisite date for review. |

- **Restrictive Covenants**

1. Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, *inter-alia*, is required to obtain the written consent in the following instances:
  - (a) Effect any change in our Company's capital structure;
  - (b) Formulate any scheme for merger, amalgamation or re-organization;
  - (c) Implement any scheme of expansion or acquire any fixed assets;
  - (d) Make investments/advances or deposit amounts with any other concern;
  - (e) Entering into borrowing arrangements with any bank/ financial institution/company;
  - (f) Undertake guarantee obligations on behalf of any other company, firm or persons;
  - (g) Undertake any further charge, lien or encumbrance over the assets and properties of our Company in favour of any other bank, financial institution, company, firm or persons;
  - (h) Declare dividends for any year except out of profits relating to that year after making all due payments, provided there is no default in any repayment obligations;
  - (i) Make any decision adversely affecting the financial position of our Company's subsidiaries/group companies or companies in which our Company has invested, including any action taken by any creditor against the said companies legally or otherwise;
  - (j) Implement any scheme of expansion or diversification or capital expenditure except normal replacement;
  - (k) Make any change in the management;
  - (l) Transfer shares of promoter, directors;
  - (m) Entering into a long term contractual obligation which is an unrelated activity and detrimental to the lender's interests;
  - (n) Sale, assignment, mortgage or otherwise dispose of any of the fixed/ material assets charged to the lenders or escrow future cash flows with any other lender/ person; and

- (o) Amendment or modification in any of our Company's constitutional documents, which have a material adverse effect.
- 2. Bank borrowings should only be utilised for the purpose for which it is sanctioned.
- 3. Time-to-time compliance with all regulations stipulated by RBI or any other regulators and obtain and keep alive all statutory approvals as may be applicable.
- 4. Our Company should not induct into its Board, a person whose name appears in the wilful defaulters list of RBI/CICs (other than as Nominee/Professional/Honorary director).
- 5. Our Company to agree, confirm and undertake that the proceeds of the facilities shall not be utilized for:
  - (a) Investments in or purchase of shares/debentures;
  - (b) Extending unsecured loans or making any inter-corporate deposits to or in associate companies;
  - (c) Further lending to individuals for subscribing to IPOs or investing in capital markets;
  - (d) Bills discounting;
  - (e) Speculative activities; and
  - (f) Activities prohibited by the RBI.

- ***Terms of Default***

Events of default under the term loans and working capital facilities *inter-alia* include the following:

1. Any instalment of the principal moneys being unpaid on the due date for payment thereof;
2. Any interest remaining unpaid and in arrears, after the same shall have become due whether formally or legally demanded or not;
3. The borrower committing any breach or default in the performance or observance of the terms and conditions contained in these presents and/or the borrower's proposal and/or the security document or any other terms or conditions relating to the advance;
4. Failure to maintain minimum capital adequacy;
5. The borrower entering into any arrangement or composition with its creditors or committing any act of insolvency;
6. Execution or distress being enforced or levied against the whole or any part of the borrower's property;
7. The borrower going into liquidation (except for the purpose of amalgamation or reconstruction);
8. A receiver being appointed in respect of the whole or any part of the property of the borrower;
9. The occurrence of any circumstances which would or is likely to prejudicially or adversely affect in any manner the capacity of the borrower to repay the loan or continue its obligations under security documents;
10. Any representation or statement of the borrower's proposal being found incorrect or the borrower committing any breach or default in the performance or observance of the borrower's proposal or the security or any other terms or conditions relating to the advance;
11. In case the borrower changes its constitution, more particularly in promoter, director or in the core management team or any merger/acquisition/amalgamation without the previous written permission of the bank;
12. In case the borrower undertakes any new project/any further expansion, without the written prior approval of the bank;
13. If the borrower shall without the consent in writing of the bank create or attempt or purport to create any mortgage, charge, pledge, hypothecation, or lien or encumbrance on assets which is subject of the bank's security;

14. Declaration as per the bank guidelines as per the bank with regard to cases, litigation field and pending by other financiers, including banks against the company or the directors, if any to be furnished;
15. The borrower ceasing or threatening to cease, to carry on business;
16. Minimum asset coverage to be maintained;
17. Downgrade in external rating below the existing rating;
18. Diversion of funds, if funds utilized for any activity not eligible for bank financing to NBFCs as per RBI norms; and
19. If any other event or circumstances shall occur which shall in the opinion of the bank be prejudicial to or endanger or be likely to prejudice or endanger its security;

#### Unsecured Loan Facilities

| Sr. No. | Lender's Name | Amount Sanctioned (₹ in million) | Amount Outstanding as on March 31, 2017 (₹ in million) | Final Maturity Date | Repayment Schedule and Pre-Payment Penalty, if any |
|---------|---------------|----------------------------------|--|---------------------|--|
| NIL     | NIL           | NIL                              | NIL  | NIL                 | NIL  |

#### • Secured Non-Convertible Debentures

Our Company has issued on private placement basis, secured, redeemable, non-convertible debentures of which ₹ 3,338.98 million is outstanding as on December 31, 2017, the details of which are set forth below:

| Series | Tenor   | Coupon (in %) | Amounts outstanding as on December 31, 2017 (in ₹ million) | Security   | Dates of Allotment | Redemption Date/Schedule | Credit Rating        |
|--------|---------|---------------|--|--|--------------------|--------------------------|----------------------|
| NA     | 3 years | 0.00%         | 338.98   | First pari-passu charge over                                       | 31-Mar-15          | 30-Mar-18                | [ICRA]AA & CARE AA   |
| NA     | 5 years | 9.00%         | 1,000.00   | immovable property and loans & advances/receivables of our Company | 19-Aug-15          | 19-Aug-20                | [ICRA]AA             |
| NA     | 5 years | 9.00%         | 1,000.00   |  | 19-Aug-15          | 19-Aug-20                | [ICRA]AA             |
| NA     | 5 years | 8.50%         | 1,000.00   |  | 7-Nov-17           | 7-Nov-22                 | CRISIL AA & [ICRA]AA |

#### • Debenture Trust Deed wise details of security provided:

| DTD date  | Value (₹ in million) | Amounts outstanding as on December 31, 2017 (in ₹ million) | Total Cover | Particulars   |
|-----------|----------------------|--|-------------|---|
| 30-Mar-15 | 5,000.00             | 2,338.98   | 1.00 time   | First pari-passu charge over immovable property located at Shahapur |
| 6-Nov-17  | 5,000.00             | 1,000.00   | 1.00 time   | First pari-passu charge over immovable property located at Shahapur |

For details relating to eligible investors please see "Issue Procedure" on page 233 of this Prospectus

- **Unsecured Non-Convertible Debentures:**

Our Company has issued on private placement basis, unsecured, redeemable, non-convertible debentures of which ₹1,700.00 million is outstanding as on December 31, 2017. The details of the same have been provided below:

| Series | Tenor                 | Coupon (in %) | Amount outstanding as on December 31, 2017 (₹ in million) | Date of Allotment | Redemption Date/Schedule  | Credit Rating        |
|--------|-----------------------|---------------|---|-------------------|---|----------------------|
| N.A.   | 10 years              | 11.50%        | 140.00  | 25-May-15         | 26-May-25   | [ICRA]AA             |
| N.A.   | 10 years              | 9.95%         | 120.00  | 10-Oct-16         | 09-Oct-26   | [ICRA]AA & CARE AA   |
| N.A.   | 10 years              | 9.25%         | 240.00  | 31-Jul-17         | 31-Jul-27   | CRISIL AA & [ICRA]AA |
| N.A.   | 10 years              | 9.25%         | 1,000.00  | 6-Oct-17          | 6-Oct-27  | CRISIL AA & [ICRA]AA |
| N.A.   | 10 years <sup>#</sup> | 9.75%         | 200.00  | 26-Dec-17         | Call Option at the end of 10 years from the date of allotment and every year thereafter | BWR AA & SMERA AA    |

# Issued unsecured, perpetual, non-convertible debentures

**List of Top 10 Debenture Holders (secured and unsecured) as on December 31, 2017:**

- **List of top ten holders of Secured Non-Convertible Debentures:**

List of top ten secured redeemable, non-convertible debenture holders of our Company as on the date of this Prospectus:

| Name of Holders  | Address   | Amount (in ₹ million) |
|--|---|-----------------------|
| Edelweiss Trusteeship Co Ltd A/C- Edelweiss MF AC- Arbitrage Fund                        | Standard Chartered Bank, Crescenzo, Securities Services, 3 <sup>rd</sup> Floor, C-38/39, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 51  | 1,000.00              |
| Vijaya Bank  | Treasury Management Department, Head Office, 41/2, MG Road, Trinity Circle, Bangalore 560001  | 500.00                |
| Edelweiss Commodities Services Limited   | Edelweiss House, Off CST Road, Kalina, Mumbai – 98  | 400.00                |
| UTI-Floating Rate Fund-STP   | UTI AMC Private Limited, UTI Tower, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 51   | 350.00                |
| Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Medium Term Plan | Citibank NA Custody Services, FIFC, 11 <sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra East, Mumbai – 51                               | 250.00                |
| The Lakshmi Vilas Bank Limited   | HDFC Bank Limited, Custody Services, Lodha I Think Techno Campus, 8 <sup>th</sup> Floor, Next to Kanjurmarg Station, Kanjurmarg East, Mumbai – 42 | 250.00                |
| The J&K Bank Limited   | National Business Center, Treasury Operations, 3 <sup>rd</sup> and 4 <sup>th</sup> Floor, Bandra Kurla Complex, Bandra East, Mumbai – 51          | 250.00                |
| Franklin India Ultra Short Bond Fund   | Citibank NA Custody Services, FIFC, 11 <sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra East, Mumbai – 51                               | 200.00                |

| Name of Holders  | Address  | Amount<br>(in ₹ million) |
|--|--|--------------------------|
| Edelweiss Trusteeship Co Ltd A/C-<br>Edelweiss MF AC - Edelweiss<br>Ultra<br>Short Term Fund | Standard Chartered Bank, Crescenzo, Securities<br>Services, 3 <sup>rd</sup> Floor, C-38/39, G Block, Bandra Kurla<br>Complex, Bandra East, Mumbai – 51 | 50.00                    |
| <b>Total</b>   |  | <b>3250.00</b>           |

- List of top ten holders Unsecured, Redeemable, Non-Convertible Debentures:**

List of top ten unsecured, redeemable, non-convertible debenture holders of our Company as on the date of this Prospectus:

| Name of Holders   | Address   | Amount<br>(in ₹ million) |
|---|---|--------------------------|
| Axis Bank Limited   | Treasury Operations, Non-SLR Desk, Corp Office, Axis<br>House, Level 4, South Block, Wadia International Center,<br>PB Marg, Worli, Mumbai – 25 | 870.00                   |
| Board of Trustees for Bokaro<br>Steel Employees Provident Fund                                | PF Account, Old Adm. Building, SAIL, Bokaro Steel<br>Plant, Bokaro Steel City, Bokaro – 827001  | 200.00                   |
| Edelweiss Commodities<br>Services Limited   | Edelweiss House, Off CST Road, Kalina, Mumbai – 98  | 200.00                   |
| Edelweiss Tokio Life Insurance<br>Company Limited-Shareholders<br>Fund-Beyond Solvency Margin | Citibank NA Custody Services, FIFC, 11 <sup>th</sup> Floor, G-Block,<br>Bandra Kurla Complex, Bandra East, Mumbai – 51                          | 140.00                   |
| Provident Fund of Axis Bank<br>Limited  | Axis House, Corporate Office, C-2, Wadia International<br>Center, PB Marg, Worli, Mumbai – 25   | 130.00                   |
| HPGCL Employees Pension<br>Fund Trust   | HPGCL Urja Bhawan, C-7, Sector 6, Panchkula, Haryana<br>– 134109  | 120.00                   |
| TCE Employees Provident Fund  | Matulya Centre A, 249 Senapati Bapat Marg, Lower Parel,<br>Mumbai – 13  | 20.00                    |
| Ecap Equities Limited   | Edelweiss House, Off CST Road, Kalina, Mumbai – 98  | 8.00                     |
| JK Paper Limited (JK Paper<br>Mills) Compulsory Employees<br>Provident Fund                   | JK Paper Mills, Jaykaypur, District Rayagada, Orissa –<br>765017  | 6.00                     |
| National Center for the<br>Performing Arts Employees<br>Provident Fund                        | NCPA Marg, Nariman Point, Mumbai – 21   | 3.00                     |
| <b>Total</b>  |   | <b>1697.00</b>           |

- Commercial Papers**

Our Company has no outstanding Commercial Papers as of December 31, 2017.

- Details of Rest of Borrowings**

Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on December 31, 2017

NIL

- Loan from Directors and Relatives of Directors**

Our Company has not raised any loan from directors and relatives of directors as on December 31, 2017

- ***Inter Corporate Loans***

As on December 31, 2017, our Company has borrowed an amount of ₹ 884.06 million from Edelweiss Commodities Services Limited, in the nature of demand loans.

- ***Inter Corporate Deposit***

Our Company does not have any inter corporate deposit outstanding as on December 31, 2017.

**Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or securities**

As on the date of this Prospectus, there has been no rescheduling, default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness in the past 5 years. Our Company has issued corporate guarantee as credit enhancement for pool of loan accounts generated and securitized by our Company. As of December 31, 2017, the value of outstanding Corporate Guarantee is ₹ 328.98 million.

There are no outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or in part, (ii) at a premium or discount, or (iii) in pursuance of an option as on the date of this Prospectus, except as disclosed above.

## SECTION VI - OUTSTANDING LITIGATIONS AND DEFAULTS

*Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional / bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Prospectus.*

*The Board of our Company in their meeting dated January 22, 2018 has adopted a policy for determination of materiality for disclosure of litigation involving our Company, the Directors, Promoter and Group Companies which may have an adverse impact on the position of our Company.*

*For the purposes of disclosure, all other pending litigation involving our Company, Promoters, group companies or any other person other than criminal proceedings, statutory or regulatory actions, would be considered 'material' if the monetary amount of claim is more than 5% of the standalone net worth of the respective company for the Fiscal 2017.*

*Save as disclosed herein below, there are no: -*

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoters of our Company during the last five years immediately preceding the year of the issue of the Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *pending litigation involving our Company, our Promoters, our Directors, Subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *material fraud committed against our Company in the last five years;*
- *inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of the Prospectus in the case of our Company and all of our Subsidiaries;*
- *pending proceedings initiated against our Company for economic offences; and*
- *default and non-payment of statutory dues etc.*

*Further from time-to-time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.*

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

Except as disclosed below, there are no other important legal proceedings involving our Company.

#### **(a) Civil proceedings**

- *Against our Company*

No civil proceedings have been initiated against our Company.

- *By our Company*

1. ERFL has filed a Criminal Complaint against IFMR Holdings Private Limited (“**IFMR**”) and its CEO Venkatesh Krishnan, director Sucharita Mukherjee and CFO Puneet Gupta (collectively representatives of IFMR) before the BKC Police Station in January 2017 under various provisions of the Indian Penal Code, 1860 (“**IPC**”) including criminal breach of trust, for unauthorised withholding of the repayment made by various clients of ERFL and collected by IFMR under the Service Agreement dated November 14, 2013. On February 9, 2017 and March 21, 2017 statement of Vikas M Srivastava and Anil Kothuri were recorded clarifying



the nature of dispute and maintainability of both civil and criminal complaints. In the meantime, representatives of IFMR filed Anticipatory Bail Applications before the City Civil and Sessions Court at Mumbai and on February 27, 2017 the Court granted anticipatory bail to the representatives of IFMR on a bond of ₹ 0.025 million/- and a solvent surety. Thereafter, parties to the dispute have mutually agreed and decided to submit their respective claims before the Arbitrator as contemplated in the Service Agreement. In view of this mutual agreement, on May 19, 2017, ERFL withdrew its complaint filed before BKC Police Station and accordingly representatives of IFMR also withdrew their respective the Anticipatory Bail Application.

Senior Advocate Nitin Thakkar was appointed as the sole arbitrator. Under the sole arbitrator's direction on August 8, 2017 ERFL filed a claim of ₹ 40.32 million together with interest @ 18% per annum on the principal amount of ₹ 32.68 million from the date of filing till payment towards First Loss Default Guarantee (**FLDG**) and ₹ 42.27 million together with interest @ 18% per annum on the principle amount of ₹ 3.80 million from the date of filing till payment towards the collection received by IFMR from its customers. IFMR filed its defence and in the hearing held on November 1, 2017, the arbitrator ordered parties to file affidavit of evidence by December 15, 2017. IFMR deposited the initial sum of ₹ 32.5 million in escrow thereafter and upon directions of the arbitrator, ERFL filed Affidavits of Evidence of two witnesses' viz. K. Siddharth and Milind Chaulkar. Arbitration proceedings were held on December 19, 2017 to mark all documents submitted by ERFL. Thereafter, K. Siddharth was cross-examined on January 30 and 31, 2018 and the cross examination of Milind Chaulkar commenced on February 07, 2018 and concluded on February 23, 2018. The matter is currently pending.

**(b) Criminal proceedings**

*Against our Company*

No criminal proceedings have been initiated against our Company.

*By our Company*

NIL

**(c) Taxation proceedings**

NIL

**(d) Other proceedings**

Our Company has filed numerous cases under section 138 of the Negotiable Instruments Act, 1881, against our customers for dishonour of cheques which were presented to our Company. These cases are pending across different courts in India. Further, in some of the cases, our customers have filed appeals against our Company.

## **II. Litigation involving our group companies**

Except as disclosed below, there are no other important legal proceedings involving our group companies.

**(a) Civil proceedings**

*Against our group companies:*

***Edelweiss Commodities Services Limited ("ECSL")***

1. Nathella Sampath Jewellery Private Limited ("**NSJPL**") filed an arbitration application dated December 1, 2014 ("**Application**") before the High Court of Bombay to constitute an arbitration tribunal ("**Tribunal**") in relation to a dispute arising out of an agreement dated December 1, 2008 entered into between ECAL Advisors Limited (now known as Edelweiss Commodities Services Limited ("**ECSL**") and NSJPL for purchase of bullion on fixed or unfixed price basis ("**Agreement**"). As per the terms of the Agreement, if NSJPL chose to purchase bullion on unfixed price basis, it would be required to pay ECSL, deposit margin money ("**Margin**") and the

price of the bullion would be fixed within 15 calendar days of making payment of the Margin. Also, NSJPL would be liable to replenish the shortfall in the Margin for all open positions. ECSL vide its letter dated September 5, 2013 intimated NSJPL the amount due by NSJPL upon fixation of an unfixed open bullion position. However, NSJPL withheld certain payments for losses caused to it allegedly on account of the positions wrongly being kept open by ECSL despite non-payment of shortfall in Margin. Since the parties failed to resolve the dispute amicably, ECSL served notices of pending dues to NSJPL dated October 11, 2013 and March 25, 2014, demanding a total outstanding amount of Rs, 59.02 million and also filed a winding-up petition dated November 12, 2014 against NSJPL before the High Court of Madras. Upon the constitution of the Tribunal pursuant to the Application, ECSL filed a claim dated March 10, 2016 against NSJPL for an outstanding amount of ₹ 59.02 million along with interest at a rate of 18% per annum from September 6, 2013 till actual payment. ECSL also moved an Application under Section 16 of Arbitration and Conciliation Act, 1996 for determination of the Tribunal's jurisdiction in deciding Nathella's claim for illegality of transaction.

Subsequently, NSJPL filed a counter claim against ECSL for either a sum of ₹ 244.61 million along with an interest of 18% from March 16, 2016 till actual payment or a sum of Rs 47.00 million along with interest of 18% from September 1, 2013 till actual payment and direction to ECSL to render true and correct account of transactions during the entire currency of the Agreement. On October 24, 2016, an application on maintainability of NSJPL's claim as a preliminary objection was rejected. ECSL filed an Evidence Affidavit thereafter and the cross-examination of ECSL's witness Rakesh Udyawar commenced from September 08, 2017 and was thereafter adjourned from time-to-time to November 23, 2017, November 30, 2017, as part heard and concluded on January 18, 2018. NSJPL is required to file an affidavit of evidence in lieu of examination in chief on or before March 01, 2018. The matter is currently pending.

*By our group companies*

***Edelweiss Global Wealth Management Limited (“EGWML”)***

1. EGWML had entered a Leave and License Agreement (“**Leave License Agreement**”) for the premises situated at Framroze Court, Dadar (“**the Licensed Premises**”). The investigation officer of Brihanmumbai Municipal Corporation (“**BMC**”) passed an order dated January 3, 2012 fixing the rateable value of the Licensed Premises, amounting to ₹ 33.1 million and made a Property Tax demand from the landlord of the Licensed Premises as per the Leave and License Agreement. Being aggrieved by the same, EGWML preferred an Appeal before the Small Cause Court *inter-alia*, challenging the methodology for calculating the rateable value by BMC. On June 20, 2013, EGWML filed an affidavit in reply to BMC's computation. The Court vide its order dated February 21, 2015 registered the municipal appeal bearing No. 77 of 2015 filed by EGWML. Pursuant to the Order dated January 20, 2016, a written statement of BMC was taken on record. The matter is currently posted for cross examination of EGWML's representative and is currently pending.
2. On December 31, 2014, EGWML filed a summary Suit bearing No. 151 of 2014 against Nimmi Hemant Mota and Sonali Amrish Valia (“**Defendants**”), the landlords of the licensed premises situated at Framroze Court, Dadar, for recovery of refundable security deposit of ₹ 2.7 million along with interest under Leave License Agreement. The Defendants filed an Application challenging the jurisdiction of the Court and the same was dismissed on August 5, 2015 for default. The Defendants thereafter moved an application by way of Notice of Motion on September 16, 2015 for setting aside the above *ex parte* order dated August 5, 2015, which was kept for hearing along with Summons for Judgement taken out by EGWML. On April 26, 2016, the Court rejected the Defendants application to refer the Suit to Arbitration as Defendants failed to file reply within 10 days to the Summons for Judgement. Being aggrieved, the Defendants filed a Civil Revision Application before the High Court at Mumbai *inter-alia* challenging the order dated April 26, 2016. During the hearing held on February 27, 2017, the Defendants tendered statement showing the total refundable amount of ₹ 0.90 million, including payment of BMC property tax and society maintenance charges to the tune of ₹ 0.09 million, which was taken on record and the Defendants were directed to produce evidence in respect of all such payments. The High Court, after hearing the parties concerned, by an order dated June 5, 2017 dismissed the Civil

Revision Application filed by the Defendants. In view of the High Court orders, Summons for Judgement was argued on January 29, 2018 before the City Civil Court. The matter is currently pending.

***Edelweiss Commodities Services Limited (“ECSL”)***

1. ECSL filed an arbitration application dated August 18, 2016 before the Indian Council of Arbitration (“ICA”) as per the rules made thereunder against State Trading Corporation of India Limited (“STC”) on grounds of default of the Agreement dated July 18, 2008, claiming an aggregate sum of approximately ₹ 400.00 million. The ICA *vide* its letter dated September 15, 2016 (no. ICA/790/AC/2072-Pre) noted the proposal of ECSL to appoint a sole arbitrator. The proposal was also forwarded to STC for their concurrence. Since STC failed to concur, ECSL *vide* its letter dated October 6, 2016 appointed a nominee arbitrator and STC also appointed an arbitrator while the ICA appointed the presiding arbitrator. The preliminary hearing took place on July 27, 2017 after which STC filed an application as per Section 16 of the Arbitration and Conciliation Act, 1996 (“Act”) on August 18, 2017 (“Application”). ECSL filed a rejoinder to the Application on August 28, 2017. The hearing on Application under Section 16 of the Act took place on September 09, 2017 and on October 14, 2017, ECSL filed its written arguments before the Arbitral Tribunal and by orders dated January 17, 2018 the Arbitration Tribunal rejected Section 16 application on the point of jurisdiction contended by STC. The matter is currently pending with further directions to pay STC part of the arbitration fees and to file their statement of defence.

**(b) Criminal proceedings**

*Against our group companies*

***Edelweiss Broking Limited (“EBL”)***

1. Srimati Iti of Agra (“Complainant”), a client of Edelweiss Financial Advisors Limited (“EFAL”) (now amalgamated with EBL) filed a first information report (no. 592 of 2012) (“FIR”) before Hari Parvat, Janpad Police Station, Agra (“Police Station”) against Saurabh Jain, Richa Jain and Mahendra Jain (collectively, the “Accused”), under Sections 420, 467, 468, 471 read with Section 120B of the IPC and Sections 66, 66C and 66D of the Information Technology Act, 2000 for unauthorised trading by modifying her trading account and password. Pursuant to notices dated October 8, 2012 and December 12, 2012, the investigation officer sought KYC documents, trade details, trading account password, user IP details and other documentation from the date of opening trading account by the Complainant from EFAL. Further, pursuant to a notice under Section 41(A) of the Criminal Procedure Code, 1973 (“Cr. P.C.”), the Police Station directed Rashesh Shah to present himself for an inquiry. Further, the station in-charge of the Police Station issued notices under Section 160 of the Cr. P.C. addressed to Sunil Mitra, Sanjiv Misra and Himanshu Kaji, respectively, for inquiry in respect of the FIR (“Notices”). EBL *vide* its letter dated July 15, 2016 replied to the Notices, *inter alia*, stating that Rashesh Shah, Sunil Mitra, Sanjiv Misra and Himanshu Kaji were neither the directors nor were they holding any official position in respect of any of the entities in which the Complainant had opened her trading account. The matter is currently pending.
2. Manish Varshney (“Complainant”) filed a first information report (no. 165 of 2012) dated March 28, 2012 (“FIR”) against Anagram Capital Limited (now amalgamated with EBL) and its employees Manoj Tomar and Manoj Gupta (collectively, the “Accused”) under Sections 406, 417 and 506 of the Indian Penal Code, 1860 for alleged fraudulent trading using the Complainant’s trading account. Subsequently, Manoj Gupta filed a criminal petition (miscellaneous no. 18155 of 2012) under Article 226 of the Constitution of India, 1949 before the High Court of Judicature at Allahabad (“Court”), seeking a stay order and directions to quash the FIR. The Court granted a stay and directed the police to submit a police report under Section 173(2) of the Criminal Procedure Code, 1973. The matter is currently pending.
3. George Ommen (“Complainant”) filed a criminal case dated July 10, 2008 (no. CC/137/2009) (“Criminal Case”) before the Chief Judicial Magistrate Court at Ernakulam (“Court”) against

Anagram Securities Limited (now amalgamated with EBL) and its employees, alleging criminal breach of trust and misappropriation of the Complainant's money by conducting unauthorised trades leading to a loss of ₹ 0.03 million under Sections 406, 409 and 34 of the Indian Penal Code, 1860. Subsequently, the Complainant moved an application dated December 24, 2014 ("**Application**") before the Court to implead Rashesh Shah as one of the co-accused in the Criminal Case, subsequent to the amalgamation of Anagram Securities Limited with EBL. Pursuant to an order dated July 7, 2015 ("**Order**"), the Court allowed the Application for impleading Rashesh Shah as one of the co-accused in the Criminal Case. Pursuant to a criminal miscellaneous application (no. 10897/2015), Rashesh Shah applied to stay the Order and all further proceedings in the Criminal Case. EBL filed quashing petition bearing No. CMP/7337/2014 in CRI MC No. 7340/2015 at High Court against the order and Criminal Complaint. The High Court of Kerala subsequently stayed the Order. On November 25, 2015 a stay order passed in the Criminal Miscellaneous Application by Kerala High Court (Ernakulam) was produced before the Metropolitan Magistrate Court. The matter is currently pending for hearing.

4. Fazal Bhai ("**Complainant**") filed a criminal case (no. 3213/2007) before the Judicial Magistrate First Class, Chhindwara (Madhya Pradesh) ("**Court**") under Sections 420 and 406 of the Indian Penal Code, 1860 against V. K. Sharma, Darshan Mehta, Mayank Shah, Abhijeet Dikshit (all employees of Anagram Stock Broking Limited (now amalgamated with EBL)) and one Pramod Kumar Jain (collectively, the "**Accused**") for an alleged fraud in the transaction of shares worth ₹ 0.31 million. By an order dated December 16, 2015 ("**Order**"), the Court dismissed the Complaint against the Accused. The Complainant has filed a revision petition before the First Additional Sessions Judge, Chhindwara against the Order in pursuance of which summons dated July 8, 2016 were issued to V. K. Sharma, ex-director of EBL. The matter is currently pending.
5. A first information report (no. 393/13) dated December 5, 2013 was filed against EBL by Gaurang Doshi ("**Complainant**") under Section 154 of the Criminal Procedure Code, 1973 for violation of Sections 408, 418, 381 and 506(2) of the Indian Penal Code, 1860 with Ellisbridge Police Station at Ahmedabad, pursuant to which EBL's statement has been recorded. The matter is currently pending.
6. Priyanka Gupta and Vijay Gupta ("**Complainants**") filed a complaint (DD number – 36 – B) dated February 21, 2007 ("**Complaint**") with the Station House Officer, Police Station, Lajpat Nagar, New Delhi ("**SHO**") against Ajay Saraogi and other employees of Anagram Stock Broking Limited (now amalgamated with EBL) (collectively, the "**Accused**") for committing the alleged offence of criminal trespass, house trespass and theft. Subsequently, the Complainants filed a criminal complaint (no. 209/1/2014) before the Additional Metropolitan Magistrate, Patiala House, New Delhi ("**Court**") under Section 156(3) of the Criminal Procedure Code, 1973 and prayed that directions be issued to the SHO to register a case against the Accused under Sections 397, 403, 410, 411, 447 and 451 read with Section 120B of the Indian Penal Code, 1860 and to recover the documents stolen from the premises. The matter is currently pending.
7. Client Mr. Baburajan Pillai filed police complaint No. 537 of 2015 before S Roopesh Raj, PSI, Anjalummoodu, Kollam Police station against EBL under Sections 408, 418, 468 and 420 of the Indian Penal Code, 1860 for unauthorised trading in his account. His complaint is that one of the company officials (Mr. Hariharan) took 300 Bank of India share certificates from the client and carried out unauthorized trading in his account. All the shares were sold at loss. Branch officials have visited the police station from time to time and have filed requisite documents. Thereafter, a notice dated January 7, 2016, was sent by the police, directing EBL to provide the relevant documents, which have been duly submitted. The matter is currently pending.
8. H. R. Verma ("**Complainant**") filed a criminal complaint (no. UR/2014) ("**Complaint**") before the Judicial Magistrate First Class, Bhopal ("**Judicial Magistrate**") under Sections 406, 420, 467, 468, 471 and 120B of the Indian Penal Code, 1860 against Sanjay Kumar, Asha Batham, Anita Gupta and Edelweiss Financial Advisory Limited (now amalgamated with EBL) (collectively, the "**Accused**") for fraudulent transfer of shares of 4,000 Reliance Industries Limited shares from their designated accounts. The Judicial Magistrate dismissed the Complaint *vide* an order dated March 16, 2015 ("**Order**"). Subsequently, the Complainant filed a criminal revision petition (no. 236/15) under Section 397 of the Criminal Procedure Code, 1973 before the District and Sessions Court, Bhopal ("**Court**") against the Order of the Judicial Magistrate. The Court heard the matter

and directed the Judicial Magistrate to conduct further investigations *vide* an order dated December 22, 2015. The matter is currently pending.

9. EBL received a notice dated March 28, 2013 (no. 109-5A/EOWING) (“**Notice**”) from the Economic Offences Wing at Ludhiana (“**EOW**”) pursuant to a complaint filed by Amarjeet Arora (“**Complainant**”) in relation to alleged wrongful transactions carried out in the Complainant’s account by EBL (“**Complaint**”). The statement of EBL’s representative has been recorded by Investigating Officer (“**IO**”) on July 26, 2013 and relevant documents in respect of trades executed from March 2012 till April 2013 has been taken on record. The final hearing took place on September 13, 2013 before the IO for closure of complaint. The matter is currently pending.
10. EBL received a notice dated February 01, 2018 from Investigating Officer, General Cheating – 1, Economic Offence Wing (EOW), Mumbai under Section 91 and 160 of Criminal Procedure Code, 1973 *inter-alia* seeking details of clients of EBL namely, Mukesh Jayantilal Simaria, Gaurav Sudhirkumar Davda, Ashok Rasikbhai Solanki, Rahul Himatlal Mehta, Vipul Hiralal Shah, Mukesh Mansukhabhai Kanani and Smt. Jasmin Kumar Lodhiya in relation to the transaction in Shree Ashtavinayak Cine Vision Limited. EBL is in process of providing necessary details to EOW. The matter is currently pending.

#### ***ECL Finance Limited (“ECLF”)***

1. ECLF received a notice dated February 23, 2018 from Investigating Officer, General Cheating – 1, Economic Offence Wing (EOW), Mumbai under Section 91 and 160 of Criminal Procedure Code, 1973 *inter-alia* seeking details of clients of ECLF namely, Gaurav Sudhirkumar Davda and Vipul Hiralal Shah in relation to the loan transaction in Shree Ashtavinayak Cine Vision Limited. ECLF is in process of providing necessary details to EOW. The matter is currently pending.

#### ***Edelweiss Commodities Services Limited (“ECSL”)***

1. The Deputy Controller of Rationing, Civil Supply Department of Maharashtra (“**Authority**”) issued show cause notices to ECSL for violation of applicable stock limits on imported pulses under the Essential Commodities Act, 1955 (“**Act**”) resulting in seizure of the stock stored at various warehouses by the Authority and registration of first information reports (“**FIRs**”) under the Act. ECSL argued that the stock limits were not applicable to ECSL as the stock was imported. Pursuant to the directions issued by the Authority, the ceased stock was released, subject to certain conditions. ECSL, upon fulfilment of the specified conditions and execution of the undertakings, lifted and sold the released stock in open market and subsequently informed the Authority. The matter is currently pending.

Additionally, ECSL received a notice from Office of the Deputy Commissioner of Police, Cyber Crime Cell / Economic Offences Wing (“**Police**”) dated August 16, 2016 (No. 439/SO/DCP/CCC/EOW/NEW DELHI) in relation to a complaint (No. C-786) received by the Police regarding cartelisation and nexus of importers-traders causing artificial scarcity of pulses and exploiting the price supply gap and operation of an illegal ‘*satta market*’. The matter is currently pending.

ECSL also received a notice dated August 26, 2016 (F. no. T-3/165/B/2016) from the Directorate of Enforcement demanding certain documents in relation to an enquiry for violation of the provisions of the Foreign Exchange Management Act, 1999 relating to the import of pulses. The matter is currently pending.

2. A criminal complaint (“**Complaint**”) was filed by Pravin Virchand Shah of Shri Ashirvad Traders (“**Complainant**”) before the Judicial Magistrate of First Class at Unjha (“**JMFC**”) against Edelweiss Trading & Holdings Limited (now amalgamated with Edelweiss Commodities Services Limited (“**ECSL**”)) for violation of Sections 406 and 420 read with Section 120B of the Indian Penal Code, 1860 for alleged mishandling of account and alleged siphoning off an amount of ₹ 38.70 million and for allegedly unauthorised selling of 568 metric tons of commodity lying with R. K. Exports. Pursuant to the Complaint, three notices each dated

November 13, 2014 were sent by the Police Sub-Inspector, Unjha Police Station (collectively, the “**Notices**”) for appearing before the police and recording a statement. ECSL filed its reply to the Notices on December 5, 2014. The matter is currently pending.

***Edelweiss Securities Limited***

1. S & D Financials Private Limited (“**Complainant**”) filed an application under Section 156(3) of the Criminal Procedure Code, 1973 pursuant to which a first information report (No. 142) dated March 22, 2008 (“**FIR**”) was registered under Sections 406, 420 and 120B of the Indian Penal Code, 1860 with the Hare Street Police Station, Calcutta against Edelweiss Securities Limited, Rashesh Shah and Venkatchalam Ramaswamy and others (collectively, the “**Accused**”). The Complainant alleged that the Accused committed criminal breach of trust and cheated the Complainant in future and options transactions amounting to ₹ 8.48 million. Thereafter, Edelweiss Securities Limited denied the allegations *vide* a letter dated September 8, 2008. The matter is currently pending.
2. Sharad Jagtiani (“**Complainant**”) filed an application dated November 11, 2008 (“**Complaint**”) under Section 156(3) of the Criminal Procedure Code, 1973 (“**Cr. P.C**”) before the A.C.M.M. Rohini Courts, Delhi (“**Court**”) against senior officials and directors of Edelweiss Securities Limited, including against P. N. Venkatachalam, Venkatchalam Ramaswamy, Kunnasagar Chinniah and Rashesh Shah (collectively, the “**Accused**”). Pursuant to the Complaint filed by the Complainant and an order dated January 13, 2009 passed by the Court, a first information report dated January 16, 2009 (No. 27 of 2009) was registered in Subhash Palace Police Station, Delhi, alleging loss of Rs 4.10 million in the stock market trade on account of cheating, breach of trust and conspiracy by the Accused. The police proceeded to investigate the allegations and subsequently, a closure report was filed by the investigating officer before the Metropolitan Magistrate. The closure report was protested by the Complainant before the Court, which *vide* an order dated January 31, 2012 directed the police to further investigate the matter. Subsequently, the investigating officer issued notices to Edelweiss Securities Limited, under Sections 91 and 160 and 175 of the Criminal Procedure Code, 1973 to produce information, documents and materials for the purpose of further investigation. The matter is currently pending.
3. Shashi Kumar Mohata (“**Complainant**”) filed a criminal enquiry (No. 68/2009) against Edelweiss Securities Limited, Amit Kakkar, Yash Rawal and Bindul Shah (officials of Edelweiss Securities Limited), under Sections 406, 409, 420, 467, 468, 120B and 477A of the Indian Penal Code, 1860, read with Section 34 of the Criminal Procedure Code, 1973 (“**Cr. P.C.**”) for unauthorised squaring off of his shares during April 9, 2009 to May 20, 2009 and thereby causing a loss of ₹ 0.45 million (“**Criminal Enquiry**”). Further, by an order dated February 11, 2014, the 13th Metropolitan Magistrate, Ahmedabad (“**Court**”) dismissed the Criminal Enquiry holding that the dispute is in the nature of a consumer dispute (“**Order**”). Being aggrieved by the Order, the Complainant has filed a criminal revision application (no. 97 of 2014) dated March 13, 2014 before the City Civil and Sessions Court, Ahmedabad under Section 341 of the Cr. P.C., Edelweiss Securities Limited and Yash Rawal filed a reply dated May 7, 2014 opposing the application dated March 13, 2014. The matter is currently pending.

*By our group companies*

***ECL Finance Limited (“ECLF”)***

1. ECLF filed a criminal complaint dated October 27, 2014 (“**Complaint**”) before the Bandra Kurla Complex Police Station, Bandra against Mahesh Chavan, proprietor of Global Overseas, Kaushal Vaidhya, Deepali, Sandeep Kelkar and Rohit Paranjpe (collectively, the “**Accused**”) for committing an act of cheating with respect to purchase of a car for the Company, resulting in a loss of ₹ 3.81 million. Subsequently, a first information report (No. 236/14) dated December 2, 2014 (“**FIR**”) was registered against the Accused under Sections 406 and 420 read with Section 34 of Indian Penal Code, 1860. Accordingly, a police case (No. PW/700329/2015) was filed on January 27, 2015 before the Additional Chief Metropolitan Magistrate, 9<sup>th</sup> Court at Bandra

against Sandeep Kelkar and Mahesh Chavan, which has been subsequently transferred to Metropolitan Magistrate, 71st Court, Bandra. The matter is currently pending.

2. ECLF filed criminal complaints dated December 4, 2010 and December 10, 2010 against Prakash Patel, Kalpesh Padhya, Vyomesh Trivedi and Gaurav Davda (collectively, the “**Accused**”) before the Joint Commissioner of Police, Economic Offences Wing, Crime Branch, Mumbai (“**EOW**”) under Sections 403, 406, 420, 120 - B, 34 and other applicable provisions of the Indian Penal Code, 1860 (“**IPC**”) for criminal breach of trust and cheating in relation to a loan provided by ECLF to the Accused. During investigation, Mukesh Kanani was impleaded as an accused. Subsequently, a first information report dated November 3, 2011 was registered against the Accused including Mukesh Kanani for an offence under Section 420 and Section 34 of the IPC recording that ECLF has suffered a loss of ₹ 82.90 million. Thereafter, on August 28, 2014, EOW filed a case before the Additional Chief Metropolitan Magistrate Court at Esplanade Court, Mumbai against the Accused for committing the alleged offence under Sections 420, 465, 467, 471 and 120-B of the IPC. The matter is currently pending.
3. ECLF, pursuant to the requirements under a RBI circular (No. RBI/2015-16/75DBS.CO.CFMC.BC. No. 1/23.04.001/2015-16) dated July 1, 2015, reported an instance of suspected fraud by its customer Shridhar Udhavrao Kolpe and Saraswati Bhimrao Shinde (“**Borrowers**”) under the requisite form to RBI on July 7, 2016. The Borrowers were given a loan of ₹ 5.83 million by ECLF against their property. ECLF upon its internal investigation found that the Borrowers have (a) obtained loan from another financial institution post the disbursement of loan from ECLF and (b) sold the property (mortgaged to ECLF) without consent/no objection certificate from ECLF. Therefore, it was suspected that the Borrowers have created multiple property documents (forged documents) in connection with the property which was mortgaged with ECLF and taken loan from other financial institutions. Subsequently, ECLF filed a complaint dated August 12, 2016 against the Borrowers before the Senior Police Inspector, Shivaji Nagar Police Station, Pune requesting them to take cognizance of the offences punishable under Sections 420, 465, 467, 468, 471, 34 read with 120B of the Indian Penal Code, 1860 and relevant provisions of the Maharashtra Control of Organised Crime Act, 1999 allegedly violated by the Borrowers. Further, ECLF submitted certain documents to the Senior Police Inspector, Economic Offences Wing, Pune in relation to the loan sanctioned to the Borrowers, pursuant to a notice dated March 14, 2017 issued to ECLF directing ECLF to submit such documents. The matter is currently pending.

***Edelweiss Commodities Services Limited (“ECSL”)***

1. ECSL filed a complaint before Economic Offences Wing, Mumbai (“**EOW**”) on June 1, 2012 against Ganpati Oil & Foods Limited and others (collectively, the “**Accused**”) for criminal breach of trust, cheating and forgery amounting to ₹ 152.51 million for forging and fabricating sale and warehouse receipts in relation to mustard seeds and sesame seeds by the Accused. A first information report (No. 138 of 2012) has been registered by the Bandra Kurla Complex Police Station on September 12, 2012 against the Accused. The matter is currently pending investigation.

ECSL also filed a winding up petition (no. 6 of 2012) (“**Petition**”) before the High Court of Madhya Pradesh, Gwalior (“**High Court**”) against Ganpati Oil & Foods Limited (“**GOFL/Respondent**”) for recovery of its dues amounting to ₹ 152.51 million, along with interest in relation to mustard seeds and sesame seeds. On August 27, 2013, the Respondent filed its reply in the High Court denying the claims of ECSL and arguing that the dispute involved a question of fact which cannot be decided in a company petition. ECSL filed a rejoinder on April 16, 2014. The matter is currently pending.

***Edelweiss Broking Limited (“EBL”)***

1. EBL (“**Complainant**”) filed a criminal complaint dated March 2, 2016 (“**Complaint**”) with the Gandhi Nagar Police Station, Jammu against AEN Collective Market Management Private Limited and its directors (collectively, the “**Accused**”) under the applicable criminal laws of the State of Jammu and Kashmir and the Trade Marks Act, 1999 restraining the Accused from

posing as the Complainant's franchise and conducting fraudulent transactions. Subsequently, the Complainant filed an application under the applicable criminal procedure code of the State of Jammu and Kashmir ("**Application**") before the Chief Judicial Magistrate, Jammu ("**Court**") for investigation of the Complaint. The Court *vide* its order dated April 26, 2016, issued a direction to the Gandhi Nagar Police Station, Jammu to register a first information report and commence investigation. Additionally, the Complainant filed a complaint dated October 20, 2016 with the cyber-crime cell against the Accused for violating of Sections 66A and 66D of the Information and Technology Act, 2000 by fraudulently and dishonestly using electronic media to mislead the public at large by using the Complainant's registered logo. The matter is currently pending.

Further, one A.K. Dewani *vide* his letter dated November 17, 2016 has raised a complaint with the RBI against the Complainant demanding that the value of bonds invested in pursuance of the fraud committed by the Accused be refunded to him stating that the Accused is related to the Complainant. A copy of this letter has also been sent to the RBI and the RBI has forwarded the letter to the Complainant advising the Complainant to resolve the complaint amicably within ten days. A.K. Dewani has through an undated letter highlighted that the total amount of fake bonds issued by Accused is ₹ 2.33 million. Thereafter, EBL denied any involvement of itself. The matter is currently pending.

2. EBL received a legal notice dated August 10, 2016 ("**Notice**") from Chandra Kanta ("**Complainant**") with respect to unauthorised trading and misappropriation of funds by Gulam Rasul, an employee of EBL, and the Complainant's relationship manager (collectively, the "**Accused**"). Pursuant to the Notice, EBL filed police complaints dated September 21, 2016 and November 16, 2016 before the Karol Bagh Police Station, New Delhi under Sections 406, 408, 409, 418, 420, 465 and 468 of the Indian Penal Code, 1860 and Section 66D and other applicable provisions of the Information Technology Act, 2000 against the Accused. Further, EBL filed a complaint dated April 13, 2017 before the Court of the Additional Chief Metropolitan Magistrate, Tis Hazari Court, Delhi. The matter is currently pending.

#### ***Edelweiss Housing Finance Limited ("EHFL")***

1. EHFL filed a complaint before the Senior Police Inspector, Bandra Kurla Complex Police Station, Mumbai ("**Authority**") *vide* its letter dated November 19, 2014 against Sachin R. Jayswal and Ratan Ram Jayswal and others (collectively, the "**Accused**") for cheating and forgery in relation to a property situated at 4<sup>th</sup> Floor, Shree Samarth Ashirwad Apartment, Thane ("**Secured Property**"). Subsequently, EHFL filed a first information report dated January 20, 2015 ("**FIR**") under Section 154 of the Criminal Procedure Code, 1973 against the Accused before the Authority under Sections 420, 465, 468, 471, 120-B, 467 and 34 of the Indian Penal Code, 1860. Thereafter, EHFL issued a notice dated January 20, 2016 under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI**") to the Accused for payment of the outstanding amount due to EHFL. However, EHFL did not receive any reply to such notice. Hence, EHFL filed an application under Section 14 of the SARFAESI on September 22, 2016 before Court of District Magistrate, Thane ("**Court**") seeking possession of the Secured Property. An order dated November 19, 2016 was passed by the Court directing Tahsildar, Thane to take possession of the Secured Property and to handover the articles present in the Secured Property to EHFL. Subsequently, Reshma Khan, alleging to be the real owner of the Secured Property, instituted a special civil suit dated April 19, 2017 before the Civil Judge, Senior Division, Thane against EHFL and the Executive Magistrate, Thane Tahsildar Office Station, Thane ("**Defendants**") praying, *inter alia*, to declare Reshma Khan as the legal owner of the Secured Property, to restrain the Defendants from taking possession of the Secured Property and for any ad-interim relief in favour of Reshma Khan and also instituted an application for temporary injunction. The matter is currently pending.
2. EHFL filed a criminal complaint under Section 156(3) of the Criminal Procedure Code, 1973 against Puja Quench Distributors India Private Limited and others (collectively, the "**Accused**") before the Chief Judicial Magistrate at Ghaziabad, Uttar Pradesh ("**Authority**") for cheating, criminal breach of trust and criminal conspiracy in relation to loan granted to the



Accused for the property situated at plot no. 41, Block KF, Kavi Nagar, Ghaziabad (“**Suit Property**”). The Authority *vide* an order dated October 6, 2015 directed registering the first information report and the same was registered on October 20, 2015 with the Kavi Nagar Police Station at Ghaziabad for violation of Sections 406, 420, 407, 468, 471 read with 120-B of the Indian Penal Code, 1860. EHFL also filed a summary suit dated April 13, 2015 (“**Suit**”) against the Accused before the High Court of Delhi (“**High Court**”) under Order XXXVII of the Civil Procedure Code, 1908 (“**C.P.C**”) for recovery of ₹ 34.77 million, with *pendente lite* and a future interest at 18% p.a, which has been converted into an ordinary suit *vide* an order dated August 29, 2017 passed by the High Court. Thereafter, EHFL issued a notice dated January 20, 2016 under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI**”) to the Accused for payment of the outstanding amount due to EHFL. However, EHFL did not receive any reply to such notice. Hence, EHFL filed an application under Section 14 of the SARFAESI on November 25, 2016 before the Court of District Magistrate, Ghaziabad, Uttar Pradesh (“**Court**”) seeking possession of the Suit Property. An order dated June 6, 2017 was passed by the Court directing the Station House Officer, Ghaziabad to ensure and provide police assistance to EHFL to take possession of the Suit Property. The matter is currently pending.

3. EHFL filed a complaint before the Senior Police Inspector, Chaturshrunji Police Station, Pune against Sachin Yashwant Rananaware and Nilam Sachin Rananaware (collectively, the “**Accused**”) *vide* its letter dated July 28, 2016 alleging fraud and cheating with reference to a property situated at flat No. 6, 2<sup>nd</sup> floor and flat No. 10 on 4<sup>th</sup> floor, Chaya Smruti, Suncity Road, Pune (“**Secured Property**”). Subsequently, EHFL filed an application dated August 9, 2016 before District Magistrate, Pune (“**Authority**”) under Section 14 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI**”) seeking possession of the Secured Property. Thereafter, an order dated March 20, 2017 was passed by the Authority directing authorised personnel to take physical possession of the Secured Property. Subsequently, Anil Kenjalkar, alleging to be the original owner of the Secured Property (“**Applicant**”), instituted a special civil suit dated April 13, 2017 before the Civil Judge, Junior Division, Pune (“**Court**”) against EHFL, Accused, Collector of Pune and other parties (“**Defendants**”) praying, *inter alia*, to restrain the Defendants from creating any third party interest or taking possession of flat No. 6 on 2<sup>nd</sup> floor, Chaya Smruti, Suncity Road, Pune and for an ad-interim injunction to be passed in favour of the Applicant (“**Suit dated April 13, 2017**”). Further, the Applicant has filed an application for condonation of delay dated May 19, 2017 before the Debt Recovery Tribunal, Pune, praying, *inter alia*, to restrain EHFL from taking physical possession of the Secured Property. EHFL filed an application dated October 24, 2017 before the Court under Section 9A of the Civil Procedure Code, 1908 to set aside the Suit dated April 13, 2017. The matter is currently pending.
4. EHFL issued a notice dated October 20, 2016 to P. Aravindan and A. Aruna (collectively, the “**Accused**”) under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI**”) for payment of the amount due to EHFL in relation to charge created on the property under a home loan dated August 30, 2014 entered between EHFL and the Accused (“**Home Loan Agreement**”). EHFL issued another notice dated January 3, 2017 under Section 13(4) of the SARFAESI to the Accused, on non-receipt of any payment under Section 13(2) notice, for taking possession of the charged property in relation to the Home Loan Agreement. The matter is currently pending. Thereafter, EHFL filed a complaint against P. Aravindan, Tholkappian, J. Vinayagamoorthy, K. Babu and B. Saravanan before the Commissioner of Police, Egmore, Chennai *vide* its letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by EHFL, it was found that P. Aravindan and Tholkappian along with the previous employees of EHFL i.e. J. Vinayagamoorthy, K. Babu and B. Saravanan (“**Ex-Employees**”) had, *inter alia*, forged the ‘Know Your Customer’ documents and other transactional documents in relation to the Home Loan Agreement. The matter is currently pending.
5. EHFL issued a notice dated October 20, 2016 to Prem Anand (“**Accused**”) under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI**”) for payment of the amount due to EHFL in

relation to charge created on the property under a home loan dated January 1, 2015 entered between EHFL and the Accused (“**Home Loan Agreement**”). EHFL issued another notice dated January 3, 2017 under Section 13(4) of the SARFAESI to the Accused, on non-receipt of any payment under Section 13(2) notice, for taking possession of the charged property in relation to the Home Loan Agreement. Thereafter, EHFL filed a complaint against the Accused, Tholkappian and J. Vinayamoorthy before the Commissioner of Police, Egmore, Chennai *vide* its letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by EHFL, it was found that the Accused along with Tholkappian and a previous employee of EHFL i.e. J. Vinayamoorthy, had, *inter alia*, forged the ‘Know Your Customer’ documents and other transactional documents in relation to the Home Loan Agreement. The matter is currently pending.

6. EHFL issued a notice dated January 20, 2016 against Somprashant M. Patil and Sonali S. Patil (collectively, the “**Accused**”) under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**Act**”). Having received no response from the Accused, EHFL issued a notice dated March 29, 2016 under Section 13(4) of the Act to the Accused intimating them about the symbolic possession of the mortgaged property by EHFL. Further, EHFL received notices dated July 15, 2015 and April 25, 2016 from Chinchwad Police Station seeking certain documents in relation to the loan granted by EHFL to the Accused, pursuant to a first information report filed by Ganpat Datta Salunkhe against the Accused, to which EHFL has provided the relevant documents. The matter is currently pending.

(c) **Taxation proceedings**

**ECap Equities Limited (“ECap”)**

1. The Deputy Commissioner of Income Tax, Circle-(3)1, Mumbai (“**Assessing Officer**”) passed an order dated March 4, 2013 (“**Order**”) under Section 143 of the Income Tax Act against Ecap Limited disallowing the expenses incurred for earning exempt income under Section 14A of the Income Tax Act read with Rule 8D of the Income Tax Rules and provision for mark to market loss on equity and commodity derivatives (“**MTM Loss**”) and with respect to dividend income earned incidental to the trading activities of Ecap Limited for the assessment year 2010-11. Being aggrieved by the Order, Ecap Limited filed an appeal before the Commissioner of Income Tax (Appeals) – 6 (“**CIT(A)**”) and CIT(A) passed an order dated October 29, 2013, partially deleting the disallowance on account of Section 14A of the IT Act and completely deleting the disallowance on account of MTM Loss (“**Impugned Order**”). Being aggrieved by the Impugned Order, the Assessing Officer filed an appeal before the Income Tax Appellate Tribunal, Mumbai (“**ITAT**”) to set aside the Impugned Order, which was dismissed by the ITAT *vide* its order dated August 12, 2015 (ITA no. 239/MUM/2014) (“**Appellate Order**”). Subsequently, the Principal Commissioner of Income Tax-3, Mumbai filed an appeal (ST no. 403 of 2016) before the High Court of Bombay (“**Court**”) against the Appellate Order. The aggregate amount involved (disputed tax effect) is ₹ 194.65 million. The matter is currently pending before the High Court.
2. ECap has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated March 31, 2016 for assessment year 2013-14. ECap has filed an appeal on the ground that the Assessing Officer erred *inter-alia* in, disallowing an amount of ₹ 463.21 million, being speculative loss on account of trading in forward contracts and adding it back to the total income of the Assessee. The matter is currently pending before Commissioner of Income Tax (Appeals).
3. ECap has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated December 29, 2016 for assessment year 2014-15. ECap has filed the appeal on the ground that the Assessing Officer erred *inter-alia* in, disallowing an amount of ₹ 168.58 million, being provision for mark to market losses and ₹ 137.37 million, being loss on account of forward contracts and adding it back to the total income of the Assessee. The matter is currently pending before Commissioner of Income Tax (Appeals).

***Edelweiss Global Wealth Management Limited (“EGWML”)***

1. EGWML has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated March 31, 2016 for the assessment year 2013-14. EGWML has filed an appeal on the ground that the Assessing Officer has erred *inter-alia*, in disallowing an amount of ₹ 0.80 million, being provision for expenses. The matter is currently pending before Commissioner of Income Tax (Appeals).
2. EGWML has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated December 29, 2016 for assessment year 2014-15. EGWML has filed an appeal on the ground that the Assessing Officer has erred *inter-alia*, in disallowing an amount of ₹ 0.87 million, being provision for mark to market losses and ₹ 2.93 million, being provision for expenses. The matter is currently pending before Commissioner of Income Tax (Appeals).

***Edelweiss Finance and Investments Limited (“EFIL”)***

1. EFIL has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated March 31, 2016 for the assessment year 2013-14 on the ground that the Assessing Officer erred *inter-alia*, in disallowing an amount of ₹ 201.13 million, being provision for mark to market losses. The matter is currently pending before Commissioner of Income Tax (Appeals).

***Edelweiss Investment Advisors Limited (“EIAL”)***

1. EIAL has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated March 5, 2015 for assessment year 2012-13. EIAL has filed an appeal on the ground that the Assessing Officer had erred *inter-alia*, in disallowing an amount of ₹ 143.7 million, being provision for mark to market losses. The said appeal was decided in favour of EIAL. The Assistant Commissioner of Income Tax-3(1)(2), Mumbai aggrieved by such order passed by CIT(A) has filed an appeal before the Income Tax Appellate Tribunal (ITAT). The matter is currently pending before ITAT.
2. EIAL has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated March 31, 2016 for assessment year 2013-14. EIAL has filed an Appeal on the ground that the Assessing Officer erred *inter-alia*, in disallowing an amount of ₹ 3.49 million under section 14A of the Income Tax Act, 1961 read with rule 8D of the Income Tax Rules, 1962 and ₹ 50.70 million, being loss on settlement of forward contracts. The matter is currently pending before Commissioner of Income Tax (Appeals).
3. EIAL has filed an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai against the assessment order dated December 28, 2016 for assessment year 2014-15. EIAL has filed an Appeal on the ground that the Assessing Officer erred *inter-alia*, in disallowing an amount of ₹ 1.49 million, being provision for expenses. The matter is currently pending before Commissioner of Income Tax (Appeals).

***Edelweiss Commodities Services Limited (“ECSL”)***

1. ECSL has filed an appeal before the Commissioner of Income Tax (Appeals)- 16 against the assessment order dated March 28, 2016 for assessment year 2012-13. ECSL has filed an appeal on the ground that the Assessing Officer had erred *inter-alia*, in granting short tax deducted at source (TDS) credit of ₹ 297.13 million. The matter is currently pending before Commissioner of Income Tax (Appeals).

**(d) *Other proceedings***

***Edelweiss Housing Finance Limited (“EHFL”)***

1. EHFL sanctioned a loan for an amount of ₹ 31.10 million as a loan to N. K. Proteins Limited (“**Borrower**”) vide a loan agreement dated January 27, 2012 to purchase a property being flat number 1203, Tower B, 12 Floor, Bhagtani Krishaang, Powai, Mumbai (“**Suit Property**”) from Jaycee Homes Limited. A no-objection certificate for mortgage of suit property dated January 23, 2012 was issued by Jaycee Homes Limited in favour of EHFL. A notice dated August 26, 2013 was issued to the Borrower for recall of the total loan amount sanctioned to which no reply was received by EHFL. Thereafter, a first information report (No. 216/2013) was registered against the National Spot Exchange Limited, its borrowers and trading members including the Borrower. Pursuant to the investigation conducted by the Economic Offences Wing, Mumbai Police, the Enforcement Directorate (“**Authority**”) attached the Suit Property as proceeds of fraud vide its provisional attachment order dated August 27, 2014, which was confirmed vide an order dated February 20, 2015 (“**Impugned Order**”). EHFL received a show cause notice dated September 30, 2014 (“**SCN**”) issued by the Authority seeking why the provisional attachment should not be confirmed. Subsequently, EHFL filed a writ petition before the High Court of Delhi (no. 8971 of 2014) (“**High Court**”) against the Impugned Order and the SCN. The High Court granted a stay on the Impugned Order vide its interim order dated December 18, 2014 and directed to file a petition before the High Court of Bombay. The High Court of Bombay disposed the writ petition filed by EHFL vide its order dated November 28, 2016, granting liberty to EHFL to approach the Appellate Tribunal (under the Prevention of Money Laundering Act, 2002 (“**Act**”)) New Delhi (“**Tribunal**”). EHFL filed an appeal dated January 5, 2017 before the Tribunal under Section 26 of the Act for quashing of the Impugned Order passed by the Authority. The matter is currently pending.

#### ***Edelweiss Broking Limited (“EBL”)***

1. EBL received a notice dated March 28, 2013 (no. 109-5A/EOWING) (“**Notice**”) from the Economic Offences Wing at Ludhiana (“**EOW**”) pursuant to a complaint filed by Amarjeet Arora (“**Complainant**”) in relation to alleged wrongful transactions carried out in the Complainant’s account by EBL (“**Complaint**”). An application for arbitration was instituted before the National Stock Exchange Arbitral Tribunal (“**Tribunal**”) on May 15, 2013 by the Complainant against EBL on similar grounds (“**Arbitration**”). EBL vide its letter dated July 24, 2013, inter alia, denied the allegations of carrying out the trade transactions on behalf of the Complainant without his consent and prayed to dispose of the Complaint as the Arbitration has been instituted on similar grounds. The Tribunal vide its award dated December 30, 2014 dismissed the Arbitration (“**Award**”) and the Complainant filed an appeal before the National Stock Exchange Appellate Tribunal (“**Appellate Tribunal**”) against the Award (“**Appeal**”). However, the Appellate Tribunal rejected the Appeal vide its award dated April 15, 2015. (“**Impugned Award**”). Thereafter, the Complainant filed an appeal dated May 20, 2015 against the Impugned Award before the High Court of Delhi which was returned by the High Court of Delhi, directing the Complainant to file an application before an appropriate forum. The Complainant subsequently filed an application before the Additional District and Sessions Judge, Ludhiana on March 30, 2016 (“**Appeal dated March 30, 2016**”). EBL vide its reply dated July 1, 2016 denied the allegations and prayed for dismissal of the Appeal dated March 30, 2016. The matter is currently pending.
2. Our group companies have filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, against their customers for dishonour of cheques which were presented to the respective group companies. These cases are pending across different courts in India. Further, in some of the cases, customers have filed appeal against our group companies.

#### **III.Litigation involving our Directors**

NIL

#### **IV.Litigations by and against our Promoters**

Except as disclosed below, there are no other outstanding important legal proceedings involving our Promoters.

##### **(a) Criminal Proceedings**

By our Promoters

***Edelweiss Financial Services Limited (“EFSL”)***

1. Edelweiss Financial Services Limited and another (“**Petitioners**”) filed a criminal writ petition bearing number 1899 of 2012 (“**Writ Petition**”) before the High Court of Judicature at Bombay (“**Court**”) against The State of Maharashtra and others, (“**Respondents**”), praying *inter-alia*, that the Respondents or the Central Bureau of Investigation or any other agency be directed to register and investigate the complaint dated December 30, 2011 made by the Petitioner. The Petitioner *vide* letter dated December 30, 2011 filed a complaint under Sections 417, 419, 420, 465, 468, 469 and 471 read with Section 120-B of the Indian Penal Code, 1860 and under certain sections of the Information Technology Act, 2000, Trademark Act 1999 and the Copyright Act, 1957 against Mr. Vaibhav Singh, Percept Profile, Mr. Harindra Singh, Mr. Shailendra Singh, Mr. Rajeev Mehrotra and unknown persons before the Senior Inspector Police, N.M. Marg Police Station Mumbai. (“**Complaint**”). The Complaint was filed in relation to press release titled “*Edelweiss Asset Management - Head Quits, to Start Own*”, which was allegedly released by the aforesaid employees of Percept Profile on behalf of the Petitioners. The Court *vide* order dated July 23, 2012 directed the police to register a First Information Report (“**FIR**”). Subsequently Harindra Singh and Shailendra Singh filed a Criminal Application bearing number 956 of 2012 praying *inter-alia* for quashing the FIR. Further Mr. Rajeev Mehrotra filed a writ petition bearing number 3093 of 2012 *inter-alia* praying for staying further proceedings in the FIR. The Court, *vide* order dated December 3, 2012, in the writ petition bearing number 3093 of 2012 and the Criminal Application bearing number 956 of 2012 directed that in case the investigating officer desires to arrest the applicants, the investigating officer shall give 72 hours’ advance notice (excluding Sundays and court holidays), so that the applicants can adopt appropriate remedy. The matter is currently pending.
2. EFSL has filed a criminal complaint bearing no 3300699/SS/of 2012 dated April 13, 2012 (“**Complaint**”) before the Additional Chief Metropolitan Magistrate, 33rd Court at Ballard Pier, Mumbai (“**Court**”), for charge against MIC Electronics Limited and others (“**Accused**”) under section 138, Negotiable Instruments Act, 1881. The Accused issued, executed and delivered two cheques bearing number 325038 and 325039, both dated June 30, 2011 (“**Cheques**”), for ₹ 13.30 million and ₹ 5.00 million (“**Amount Due**”), respectively drawn on a branch of State Bank of India, Hyderabad (“**Bank**”), in favour of EFSL, in consideration of the loan facilities provided to the Accused. The said Cheques were dishonoured by the Bank on July 7, 2011. EFSL *vide* its letter dated July 11, 2011 sought clarification on the dishonour of the Cheques. The Accused issued two new cheques bearing number 487181 for ₹ 13.30 million and 487182 for ₹ 5.00 million in favour of EFSL, which were also subsequently dishonoured by the Bank. EFSL sent two separate demand notices both dated February 29, 2012 (“**Notice**”) to the Accused for repayment of the Amount Due within 15 days of receipt of the notices. The Accused failed to pay the Amount Dues, pursuant to which, EFSL has filed the Complaints praying that the Court be please to take cognizance of the offense punishable under section 138 read with section 141 of the Negotiable Instruments Act, 1881. The Accused *vide* letter dated March 17, 2012, *inter-alia*, denied the allegations raised in the Notice.

The ‘Process’ has been issued by the Magistrate on July 7, 2012 and summons has been issued to MIC and its Directors / officials named in complaints. All accused recorded their plea as “not guilty”. The Accused filed criminal revision application number 852 of 2012 praying, *inter-alia*, for setting aside the Complaint (“**Criminal Revision Application**”). The Hon’ble Court *vide* order dated October 4, 2013 (“**Order**”) partly allowed the Criminal Revision Application and has set aside the process issued against Accused Nos. 4, 6, 7, 8 and 9 on the basis of the guidelines given by the Supreme Court of India, and was pleased to reject the Application made on behalf of the rest of the accused. EFSL filed a Criminal Writ Petition being No. 82 of 2014 challenging the said Order refusing to issue Summons to Accused No. 4, 6, 7, 8 & 9. By an order dated January 20, 2016, Bombay High Court set aside the order of Session Court quashing the issuance of process against Accused No. 4, 6 and 7. Summons

issued against Co., CMD, ED & Director. EFSL filed a Witness Affidavit for examination–in–chief of the Complainant and the Cross–examination of Complainant’s witness has been completed. On December 11, 2017 the Court directed accused to file an affidavit for recording the statement under Section 313 of Cr. PC. The matter is currently pending.

*Against our Promoters*

NIL

**(b) Civil proceedings**

*Against our Promoters*

NIL

*By our Promoters*

NIL

**(c) Taxation proceedings**

NIL

**(d) Other proceedings**

NIL

***Edelweiss Finvest Private Limited (“EFPL”)***

EFPL filed two cases under Section 138 of the Negotiable Instruments Act, 1881, against its customers for dishonour of cheques that were presented to the EFPL. These cases are pending across different courts in India. Further, in some cases, customers have filed an appeal against EFPL.

**V. Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiaries in the last three years along with section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company and its Subsidiaries in the last three years**  
NIL

**VI. Details of litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last three years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of this Prospectus.**

***Edelweiss Financial Services Limited (“EFSL”)***

1. EFSL, Axis Capital Limited and SBI Capital Markets Limited (“**Appellants**”) filed an appeal before the Securities Appellate Tribunal, Mumbai (“**SAT**”) on May 19, 2016 to, *inter alia*, set aside an order dated March 31, 2016 (“**Order**”) passed by an adjudicating officer of SEBI (“**Respondent**”) and to grant an interim stay on the Order. The Respondent *vide* the Order had imposed a penalty of `10.00 million jointly and severally on the Appellants for violation of Regulation 57(1), Regulation 57(2)(a)(ii) and Regulation 64(1) of the SEBI ICDR Regulations and Regulation 13 of the SEBI (Merchant Bankers) Regulations, 1992 (“**MB Regulations**”) in relation to certain disclosure requirements set forth under the SEBI ICDR Regulations and adherence to the code of conduct set forth under the MB Regulations for the merchant bankers, respectively, for the initial public offer of Electrosteel Steels Limited. The matter is currently pending.
2. Edelweiss Financial Services Limited and other merchant bankers in the matter of Initial Public Offer of Credit Analysis and Research Limited (together referred to as the “**Appellants**”) have filed an appeal before the Securities Appellate Tribunal, Mumbai (“**SAT**”) against the impugned order dated November 28, 2014 (“**Order**”). SEBI *vide* Order had imposed the maximum penalty prescribed under Section 15 HB of the SEBI Act amounting to ₹ 10 million jointly and severally on the Appellants for the violation of Clause 1 of Form C of Schedule VI of Regulation 8 (2) of

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Regulation 13 read with clause 1, 4, 6, 7 and 20 of Code of Conduct for Merchant Bankers as specified in Schedule III of the SEBI (Merchant Bankers) Regulations 1992. Aggrieved, the Appellants have filed the Appeal inter-alia to set aside the order and to stay the Order. The Securities Appellate Tribunal by a majority order dated September 30, 2016 has set aside the order passed by SEBI as well as the penalty imposed on the merchant bankers.

**VII. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company.**

1. ERFL has filed a Criminal Complaint against IFMR Holdings Private Limited (“IFMR”) and its CEO Venkatesh Krishnan, director Sucharita Mukherjee and CFO Puneet Gupta (collectively representatives of IFMR) before the BKC Police Station in January 2017 under various provisions of the Indian Penal Code, 1860 (“IPC”) including criminal breach of trust, for unauthorised withholding of the repayment made by various clients of ERFL and collected by IFMR under the Service Agreement dated November 14, 2013. On February 9, 2017 and March 21, 2017 statement of Vikas M Srivastava and Anil Kothuri were recorded clarifying the nature of dispute and maintainability of both civil and criminal complaints. In the meantime, representatives of IFMR filed Anticipatory Bail Applications before the City Civil and Sessions Court at Mumbai and on February 27, 2017 the Court granted anticipatory bail to the representatives of IFMR on a bond of ₹ 0.025 million/- and a solvent surety. Thereafter, parties to the dispute have mutually agreed and decided to submit their respective claims before the Arbitrator as contemplated in the Service Agreement. In view of this mutual agreement, on May 19, 2017, ERFL withdrew its complaint filed before BKC Police Station and accordingly representatives of IFMR also withdrew their respective the Anticipatory Bail Application.

Senior Advocate Nitin Thakkar was appointed as the sole arbitrator. Under the sole arbitrator’s direction on August 8, 2017 ERFL filed a claim of ₹ 40.32 million together with interest @18% per annum on the principal amount of ₹ 32.68 million from the date of filing till payment towards First Loss Default Guarantee (FLDG) and ₹ 42.27 million together with interest @18% per annum on the principle amount of ₹ 3.80 million from the date of filing till payment towards the collection received by IFMR from its customers. IFMR filed its defence and in the hearing held on November 1, 2017, the arbitrator ordered parties to file affidavit of evidence by December 15, 2017. IFMR deposited the initial sum of ₹ 32.5 million in escrow thereafter and upon directions of the arbitrator, ERFL filed Affidavits of Evidence of two witnesses’ viz. K. Siddharth and Milind Chaukar. Arbitration proceedings were held on December 19, 2017 to mark all documents submitted by ERFL. Thereafter, K. Siddharth was cross-examined on January 30 and 31, 2018 and the cross examination of Milind Chaukar commenced on February 07, 2018 and concluded on February 23, 2018. The matter is currently pending.

**Action taken by Our Company**

The Board noted that the reporting and directed to strengthen the internal audit control process and also to enforce maker checker process by the Service Provides. It is also advised to receive Internal Audit reports periodically from IFMR. The Service Provider was directed to lay down standards of maker checker process along with introducing telecalling the customers for verification. Internal audit of branches also to be strengthened through filed verification whereby the auditor meets the customer on a sample basis and verifies all the loan details. The Company has strengthened reviews with the service provider which covers key portfolio indicators, operational details and review of critical audit findings.

**VIII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon.**

NIL

**IX. Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this offer letter and of their impact on the financial**

**statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.**

Our Statutory Auditors have not made any reservations, qualifications or adverse remarks in the financial statements of our Company for the period of five Fiscals immediately preceding the date of this Prospectus. Consequently, no corrective steps were required to be taken by our Company.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

At the meeting of the Board of Directors of our Company, held on January 22, 2018 the Directors approved the Issue of NCDs to the public up to an amount not exceeding ₹ 45,000 million. Further, the proposed borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders in the EGM held on January 22, 2018.

### Prohibition by SEBI/Eligibility of our Company to come out with the Issue

Our Company, persons in control of our Company and/or our Directors and/or our Promoters (save and except as covered here in this Prospectus) have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

### Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, AXIS BANK AND EDELWEISS FINANCIAL SERVICES LIMITED\* HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. 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 THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER AXIS BANK AND EDELWEISS FINANCIAL SERVICES LIMITED\* HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 27, 2018 WHICH READS AS FOLLOWS:**

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN**

**ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN.**

- 3. WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED.**
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED AS ON THE DATE OF THE OFFER DOCUMENT), SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

**WE CONFIRM THAT NO COMMENTS/ COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS DATED FEBRUARY 16, 2018 POSTED ON THE WEBSITE OF BSE LIMITED (DESIGNATED STOCK EXCHANGE) AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED.**

*\*EFSL is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, EFSL would be involved only in marketing of the Issue.*

#### **Disclaimer Clause of BSE**

**BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED FEBRUARY 26, 2018 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER: -**

- (a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- (b) WARRANT THAT THIS COMPANY’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- (c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.**

#### **Disclaimer Clause of NSE**

**AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF: NSE/LIST/38418 DATED FEBRUARY 26, 2018 PERMISSION TO THE ISSUER TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED**

**INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.**

**EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.**

**Disclaimer Clause of RBI**

**OUR COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED JANUARY 4, 2017 BEARING REGISTRATION NO. B-13.02149 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS PROSPECTUS NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT AND THE RBI DOES NOT TAKE ANY RESPONSIBILITY OR GUARANTEE THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED BY OUR COMPANY IN THIS CONNECTION AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY OUR COMPANY.**

**Disclaimer in Respect of Jurisdiction**

The Issue is being made in India, to Investors from Category I, Category II, Category III and Category IV. The Draft Prospectus and the Prospectus will not, however constitute an offer to sell or an invitation to subscribe for the NCDs offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus and the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

**Track record of past public issues handled by the Lead Managers**

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

| <b>Name of Lead Manager</b>          | <b>Website</b>   |
|--------------------------------------|--|
| Axis Bank Limited                    | <a href="http://www.axisbank.com">www.axisbank.com</a>         |
| Edelweiss Financial Services Limited | <a href="http://www.edelweissfin.com">www.edelweissfin.com</a> |

**Listing**

The NCDs proposed to be offered through this Prospectus are proposed to be listed on the Stock Exchanges. An application will be made to the Stock Exchanges, for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by NSE and/or BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 working days from the date of closure of the Issue.

### **Consents**

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer; (c) Lead Managers; (d) the Registrar to the Issue; (e) Legal Advisor to the Issue; (f) Credit Rating Agencies; (g) the Debenture Trustee; (h) Bankers to the Issue; (i) Chief Financial Officer; (j) Lenders to our Company; (k) Lead Brokers; and (l) CRISIL for “*CRISIL Research – Assessment of various financial products dated February 2018*”, to act in their respective capacities, have been obtained and the same will be filed along with a copy of the Draft Prospectus, Prospectus with the Stock Exchanges.

Our Company has received written consent from the Statutory Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants to include its name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus in relation to the reports of the Statutory Auditors dated February 16, 2018, on the Reformatted Financial Information of our Company and the Unaudited Condensed Interim Financial Statements of the our Company dated February 16, 2018, included this Prospectus and such consent has not been withdrawn up to the time of delivery of this Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in this Prospectus only in accordance with the requirements of the Companies Act, 2013 and solely in the context of this Issue.

The consents of the Statutory Auditors of our Company, namely M/s Price Waterhouse Chartered Accountants LLP for (a) inclusion of their name as the Statutory Auditors; and (b) examination reports on Reformatted Financial Information dated February 16, 2018 in the form and context in which they appear in this Prospectus have been obtained and has not withdrawn such consent and the same will be filed with RoC, along with a copy of the Prospectus.

The consents of the independent chartered accountant of our Company, namely M/s NGS & Co. LLP, Chartered Accountants, for statement of tax benefits included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

### **Expert Opinion**

Except the following, our Company has not obtained any expert opinions in connection with this Prospectus:

1. Our Company has received written consent from the Statutory Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants to include its name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus in relation to the reports of the Statutory Auditors dated February 16, 2018, on the Reformatted Financial Information of our Company and the Unaudited Condensed Interim Financial Statements of the our Company, included this Prospectus and such consent has not been withdrawn up to the time of delivery of this Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in this Prospectus only in accordance with the requirements of the Companies Act, 2013 and solely in the context of this Issue.
2. The consents of the independent chartered accountant of our Company, namely M/s NGS & Co. LLP, Chartered Accountants, for statement of tax benefits included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.
3. Our Company has received consent from ICRA to act as the credit rating agency to the Issue *vide* its letter dated February 7, 2018.

### **Common form for Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the

Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue i.e. ₹1,875 million, within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. In the event, there is a delay, by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or the Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar do not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including the Debt Application Circular.

### **Filing of the Draft Prospectus**

A copy of the Draft Prospectus has been filed with BSE and NSE in terms of Regulation 6(1) of the SEBI Debt Regulations and the same was hosted on their respective websites for dissemination pursuant to Regulation 7 of the SEBI Debt Regulations.

### **Filing of the Prospectus with the RoC**

Our Company shall file a Prospectus as per requirements of Regulation 6(6) of the SEBI Debt Regulations. A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 and Section 32 of Companies Act, 2013.

### **Debenture Redemption Reserve (“DRR”)**

Section 71(4) of the Companies Act, 2013 mandates that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended (the “**Debenture Rules**”) states that ‘the adequacy’ of DRR for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, as amended, shall be 25% of the value of outstanding debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the value of the NCDs, outstanding as on date, issued through the Issue. In addition, as per Rule 18 (7)(e) of the Debenture Rules the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Debenture Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30<sup>th</sup> day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the central government or of any state government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on 31<sup>st</sup> day of March of that year.

### **Underwriting**

This Issue has not been underwritten.

## Issue Related Expenses

A portion of the Issue proceeds will be used to meet Issue expenses. Following are the estimated Issue expenses:

| Particulars  | Amount (₹ in million)** | As percentage of Issue proceeds (in %) | As percentage of total expenses of the Issue (in %) |
|--|-------------------------|--|---|
| Fee Payable to Intermediaries  | 9.30                    | 0.19                                   | 8.58  |
| Lead Managers Fee, Selling and Brokerage Commission, SCSB Processing Fee | 84.50                   | 1.69                                   | 78.02   |
| Registrar to the Issue   | 1.50                    | 0.03                                   | 1.39  |
| Debenture Trustee  | 2.00                    | 0.04                                   | 1.85  |
| Advertising, Marketing, Printing and Stationery Costs                    | 6.00                    | 0.12                                   | 5.54  |
| Other Miscellaneous Expenses   | 5.00                    | 0.10                                   | 4.62  |
| <b>Grand Total</b>   | <b>108.3</b>            | <b>2.17</b>                            | <b>100.00</b>                                       |

\*SCSBs would be entitled to a processing fee of ₹10/- per Application Form (exclusive of applicable taxes) for processing the Application Forms procured by the Members of Syndicate or registered brokers and submitted to SCSB.

\*\* Exclusive of applicable taxes.

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/ Syndicate Members/ Sub-Syndicate Members/Brokers / Sub brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 10 per Application Form procured (inclusive of service tax and other applicable taxes). However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

## Reservation

No portion of the Issue has been reserved.

## Public/ Rights Issues by our Company during the last 5 years from the date of the Prospectus

Our Company has not made any public issue of debentures in the last five years.

Other than as listed below, our Company has not undertaken any rights issue during the last 5 years from the date of the Prospectus.

- Our Company undertook a rights issue of its equity shares in January, 2018, the particulars of which have been set forth below:

|  |   |
|--|---|
| <b>Date of Opening</b>                   | January 30, 2018  |
| <b>Date of Closing</b>                   | January 31, 2018  |
| <b>Total Issue Size</b>                  | ₹500 million  |
| <b>Date of Allotment</b>                 | January 31, 2018  |
| <b>Net Utilisation of Issue Proceeds</b> | (i) For the purpose of lending/ repayment of loan;<br>and<br>(ii) For general corporate purposes. |

- Our Company undertook a rights issue of its equity shares in September, 2017, the particulars of which have been set forth below:

|                        |                    |
|------------------------|--------------------|
| <b>Date of Opening</b> | September 18, 2017 |
| <b>Date of Closing</b> | September 21, 2017 |

|  |   |
|--|---|
| <b>Total Issue Size</b>                  | ₹500 million  |
| <b>Date of Allotment</b>                 | September 21, 2017  |
| <b>Net Utilisation of Issue Proceeds</b> | (i) For the purpose of lending/ repayment of loan;<br>and<br>(ii) For general corporate purposes. |

- Our Company undertook a rights issue of its equity shares in January, 2016, the particulars of which have been set forth below:

|  |   |
|--|---|
| <b>Date of Opening</b>                   | January 25, 2016  |
| <b>Date of Closing</b>                   | January 29, 2016  |
| <b>Total Issue Size</b>                  | ₹ 219.99 million  |
| <b>Date of Allotment</b>                 | January 29, 2016  |
| <b>Net Utilisation of Issue Proceeds</b> | (i) For the purpose of lending/ repayment of loan;<br>and<br>(ii) For general corporate purposes. |

- Our Company undertook a rights issue of its equity shares in August, 2015, the particulars of which have been set forth below:

|  |   |
|--|---|
| <b>Date of Opening</b>                   | August 24, 2015   |
| <b>Date of Closing</b>                   | August 31, 2015   |
| <b>Total Issue Size</b>                  | ₹499.96 million   |
| <b>Date of Allotment</b>                 | August 31, 2015   |
| <b>Net Utilisation of Issue Proceeds</b> | (i) For the purpose of lending/ repayment of loan;<br>and<br>(ii) For general corporate purposes. |

- Our Company undertook a rights issue of its equity shares in March, 2015, the particulars of which have been set forth below:

|  |   |
|--|---|
| <b>Date of Opening</b>                   | March 20, 2015  |
| <b>Date of Closing</b>                   | March 24, 2015  |
| <b>Total Issue Size</b>                  | ₹ 499.75 million  |
| <b>Date of Allotment</b>                 | March 24, 2015  |
| <b>Net Utilisation of Issue Proceeds</b> | (i) For the purpose of lending/ repayment of loan;<br>and<br>(ii) For general corporate purposes. |

#### Utilisation details of previous issues by group companies

- Our group company Edelweiss Housing Finance Limited undertook a public issue of non-convertible debentures in July 2016, the particulars of which have been set out as below:

|  |   |
|--|---|
| <b>Date of Opening</b>                   | July 8, 2016  |
| <b>Date of Closing</b>                   | July 11, 2016   |
| <b>Total Issue Size</b>                  | ₹ 5,000 million   |
| <b>Date of Allotment</b>                 | July 19, 2016   |
| <b>Net Utilisation of Issue Proceeds</b> | (i) For the purpose of onward lending, financing,<br>and for repayment of interest and principal of<br>existing borrowings of EHFL; and |

(ii) For general corporate purposes.

- ECL Finance Limited has utilized the proceeds of the previous public issues towards repayment of existing loans, as mentioned in the prospectus of the respective issue. Please see below details of past issuances:

|  |  |
|--|--|
| <b>Date of Opening</b>                   | January 16, 2014   |
| <b>Date of Closing</b>                   | January 20, 2014   |
| <b>Total Issue Size</b>                  | ₹ 5,000 million  |
| <b>Date of Allotment</b>                 | January 28, 2014   |
| <b>Net Utilisation of Issue Proceeds</b> | For the purpose of financing activities including lending and investments, subject to applicable statutory and / or regulatory requirements, to repay existing loans and business operations including capital expenditure and working capital requirements. |

|  |  |
|--|--|
| <b>Date of Opening</b>                   | June 17, 2014  |
| <b>Date of Closing</b>                   | June 19, 2014  |
| <b>Total Issue Size</b>                  | ₹ 4,000 million (subordinate debt)   |
| <b>Date of Allotment</b>                 | June 26, 2014  |
| <b>Net Utilisation of Issue Proceeds</b> | For the purpose of financing activities including lending and investments, subject to applicable statutory and / or regulatory requirements, to repay existing loans and business operations including for capital expenditure and working capital requirements. |

|  |   |
|--|---|
| <b>Date of Opening</b>                   | February 26, 2015   |
| <b>Date of Closing</b>                   | March 2, 2015   |
| <b>Total Issue Size</b>                  | ₹ 8,000 million   |
| <b>Date of Allotment</b>                 | March 11, 2015  |
| <b>Net Utilisation of Issue Proceeds</b> | For onward lending and for repayment of interest and principal of existing loans. |

#### **Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding**

For details in relation to the non-convertible debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding as on December 31, 2017, please refer to the chapter titled “*Financial Indebtedness*” and “*Capital Structure*” on page 155 and page 55 respectively of this Prospectus.

#### **Dividend**

Our Company has no stated dividend policy. The declaration and payment of dividend on our equity shares is subject to the recommendation of our Board of Directors and approval of our shareholders, at their discretion, and may depend on a number of factors, including but not limited to our Company’s profits, capital requirements and overall financial condition. Our Company has not declared any dividend since incorporation.

#### **Revaluation of assets**

Our Company has not revalued its assets in the last five years.

#### **Details regarding lending out of issue proceeds of Previous Issues**

Nil



### **Mechanism for redressal of investor grievances**

The Registrar Agreement provides for settling of investor grievances in a timely manner and provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or Compliance Officer giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchanges where the application was submitted. The contact details of Registrar to the Issue are as follows:

#### **Karvy Computershare Private Limited**

Karvy Selenium Tower B,  
Plot No 31-32, Gachibowli  
Financial District, Nankramguda  
Hyderabad 500 032, Telangana, India  
**Tel:** +91 40 6716 2222;  
**Fax:** +91 40 2343 1551;  
**Email:** einward.ris@karvy.com;  
**Investor Grievance mail:** erfl.ncdipo@karvy.com  
**Website:** <https://karisma.karvy.com>  
**Contact Person:** Murali Krishna M  
**SEBI Registration Number:** INR000000221  
**CIN:** U72400TG2003PTC041636

The Registrar shall endeavour to redress complaints of the investors within three days of receipt of the complaint during the currency of this Agreement and continue to do so during the period it is required to maintain records under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, as amended and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed fifteen days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company and similar status reports will also be provided to our Company as and when required.

Ms Sudipta Majumdar has been appointed as the Compliance Officer of our Company for this Issue.

The details of the Compliance Officer for the purposes of this Issue are set out below:

#### **Ms Sudipta Majumdar**

##### **Compliance Officer**

**Address:** Edelweiss Retail Finance Limited,  
Edelweiss House, Off. C.S.T Road,  
Kalina, Mumbai - 400 098,  
Maharashtra, India  
**E-mail:** rfcompliance@edelweissfin.com  
**Tel.:** +91 (22) 4009 4400  
**Fax:** +91 (22) 4019 4925

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of debenture certificates, transfers, or interest on application amount etc.

### Change in Auditors of our Company during the last three years

| Name   | Address   | Date of Appointment / Resignation | Auditor of our Company since (in case of resignation) | Remarks |
|--|---|-----------------------------------|---|---------|
| BSR & Associates, LLP, Chartered Accountants | Lodha Excelus, 5th Floor, Apollo Mills Compound, NM Joshi Marg, Mahalakshmi, Mumbai 400 011, Maharashtra, India | August 29, 2017 (Resignation)     | March 15, 2013  | -       |
| Price Waterhouse Chartered Accountant LLP    | 252, Veer Savarkar Marg, Opp. Shivaji Park, Dadar (West), Mumbai - 400 028, Maharashtra India                   | August 29, 2017 (Appointment)     | -   | -       |

#### Details of Auditor of our Company:

The current statutory auditor of our Company, M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants having registration No. 012754N/N500016 allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as the statutory auditor of our Company pursuant to the resolution passed at the annual general meeting of our Company held on August 29, 2017. The details of our statutory auditors are as under:

| Name   | Address  | Auditor since   |
|--|--|-----------------|
| M/s Price Waterhouse Chartered Accountants LLP | 252, Veer Savarkar Marg, Next to Mayor's Bungalow, Shivaji Park, Dadar, Mumbai, Maharashtra 400028 | August 29, 2017 |

#### Details of overall lending as of March 31, 2017

##### 1. Classification of loans/advances

###### (a) Type of loans

| Sr. No.                             | Type of loans | ₹ in million     |                |
|-------------------------------------|---------------|------------------|----------------|
|                                     |               | Amount           | (%)            |
| 1.                                  | Secured       | 9,142.18         | 62.04%         |
| 2.                                  | Unsecured     | 5,594.38         | 37.96%         |
| <b>Asset under management (AUM)</b> |               | <b>14,736.56</b> | <b>100.00%</b> |

###### (b) Sectoral Exposure

| Sr. No.      | Segment               | Percentage of AUM |
|--------------|-----------------------|-------------------|
| 1.           | Loan against Property | 29.06%            |
| 2.           | Construction Finance  | 1.72%             |
| 3.           | SME Business Loans    | 67.34%            |
| 4.           | Rural Finance         | 1.88%             |
| <b>Total</b> |                       | <b>100%</b>       |

(c) Denomination of loans outstanding by ticket size\*:

| Sr. No.      | Ticket Size**        | Percentage of AUM (%) |
|--------------|----------------------|-----------------------|
| 1.           | Up to ₹ 0.2 million  | 1.13%                 |
| 2.           | ₹0.2 to ₹0.5 million | 1.47%                 |
| 3.           | ₹0.5 to ₹1 million   | 8.01%                 |
| 4.           | ₹1 to ₹2.5 million   | 10.11%                |
| 5.           | ₹2.5 to ₹5 million   | 19.69%                |
| 6.           | Above ₹5 million     | 59.59%                |
| <b>Total</b> |                      | <b>100%</b>           |

\*Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts)

\*\*Ticket size at the time of origination

(d) Denomination of loan outstanding by LTV\*:

| Sr. No.      | LTV       | Percentage of AUM (%) |
|--------------|-----------|-----------------------|
| 1.           | Up to 40% | 44.90%                |
| 2.           | 40%-50%   | 5.89%                 |
| 3.           | 50%-60%   | 10.63%                |
| 4.           | 60%-70%   | 10.65%                |
| 5.           | 70%-80%   | 4.10%                 |
| 6.           | 80%-90%   | 5.61%                 |
| 7.           | Above 90% | 18.22%                |
| <b>Total</b> |           | <b>100%</b>           |

\*LTV at the time of sanctioning

(e) Geographical classification of borrowers

| S. No        | Top 5 states | Percentage of AUM |
|--------------|--------------|-------------------|
| 1.           | Maharashtra  | 41.07%            |
| 2.           | New Delhi    | 21.37%            |
| 3.           | Gujarat      | 12.33%            |
| 4.           | Karnataka    | 7.62%             |
| 5.           | Tamil Nadu   | 7.56%             |
| <b>Total</b> |              | <b>89.95%</b>     |

(f) Details of loans overdue and classified as non-performing in accordance with RBI's guidelines

(i) Movement of Gross NPAs

(₹ in million)

| Sr. No. | Particulars                          | Amount  |
|---------|--------------------------------------|---------|
| 1.      | Opening balance as of April 1, 2016  | 39.76   |
| 2.      | Additions during the year            | 54.37   |
| 3.      | Reductions during the year           | (32.16) |
| 4.      | Closing balance as of March 31, 2017 | 61.97   |

(ii) Movement of provisions for non-performing assets and restructured loans (shown as part of short term and long term provisions)

(₹ in million)

| Sr. No. | Particulars                                 | Amount  |
|---------|---|---------|
| 1.      | Opening balance as of April 1, 2016         | 29.84   |
| 2.      | Provisions made during the year             | 7.82    |
| 3.      | Write-off / write back of excess provisions | (28.70) |
| 4.      | Closing balance as of March 31, 2017        | 8.96    |

## Segment-wise Gross NPA

| Sr. No.      | Sector                 | Percentage (%) of NPAs to Total Advances in that sector |
|--------------|------------------------|---|
| 1.           | Loan against Property  | 0.36%   |
| 2.           | - Construction Finance | 0.00%   |
| 3.           | - SME Business Loans   | 0.47%   |
| 4.           | - Rural Finance        | 0.00%   |
| <b>Total</b> |                        | <b>0.83%</b>  |

## 2. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (As of March 31, 2017)

(₹ in million)

| Particulars                  | 1 to 30/31 days (one month) | Over one month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to one year | Over one year to 3 years | Over 3 to 5 years | Over 5 years | Total    |
|------------------------------|-----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|--------------------------|-------------------|--------------|----------|
| Deposits                     | -                           | -                          | -                         | -                         | -                         | -                        | -                 | -            | -        |
| Advances                     | 696.85                      | 940.71                     | 1689.55                   | 1281.17                   | 2504.18                   | 2990.30                  | 1252.53           | 3381.27      | 14736.56 |
| Reserves and surplus         | -                           | -                          | -                         | -                         | -                         | -                        | -                 | -            | -        |
| Investments                  | -                           | -                          | -                         | -                         | -                         | -                        | -                 | -            | -        |
| Borrowings                   | 426.13                      | 569.94                     | 1135.14                   | 1130.21                   | 1010.42                   | 3041.67                  | 3345.08           | 260.00       | 10918.58 |
| Foreign Currency Assets      | -                           | -                          | -                         | -                         | -                         | -                        | -                 | -            | -        |
| Foreign Currency liabilities | -                           | -                          | -                         | -                         | -                         | -                        | -                 | -            | -        |

## 3. Concentration of Exposure and NPA as of March 31, 2017

(₹ in million)

| Particulars  | Amount   |
|--|----------|
| <b>Concentration of Exposures</b>  |          |
| Total Exposure to twenty largest borrowers / customers   | 1,307.27 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 8.87%    |
| <b>Concentration of NPAs</b>   |          |
| Total Exposure to top four NPA accounts  | 36.59    |

### Others

- (a) Lending policy: For details on lending policy please see “*Our Business*” on page 95 of the Prospectus.
- (b) **Classification of loans/advances given to associates, entities/person relating to the board, senior management, Promoter:**
- Our Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of previous issues.
- (c) There has been no change in Promoters’ holding in the Issuer in the last financial year beyond the threshold prescribed by RBI, which as on the date of this Prospectus is 26%.

**Aggregate exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by the RBI in its guidelines on corporate governance for NBFCs, from time to time:**

*Concentration of advances for the year ended March 31, 2017*

| SI No | Particulars   | Amount            |
|-------|---|-------------------|
| 1.    | Total advances to twenty largest borrowers                  | ₹1,307.27 million |
| 2.    | % of advances to twenty largest borrowers to total advances | 8.87%             |

*Concentration of exposures for the year ended March 31, 2017 (includes off balance sheet exposure)*

| SI No | Particulars  | Amount            |
|-------|--|-------------------|
| 1.    | Total exposures to twenty largest borrowers / customers                  | ₹1,307.27 million |
| 2.    | % of exposures to twenty largest borrowers / customers to total advances | 8.65%             |

**Details of loans and overdues classified as non-performing (Sector – wise) for the year ended March 31, 2017:**

| SI No | Particulars                     | In %  |
|-------|---------------------------------|-------|
| 1.    | Agriculture & allied activities | 0.00% |
| 2.    | MSME                            | 0.00% |
| 3.    | Corporate borrowers             | 0.43% |
| 4.    | Services                        | 0.41% |
| 5.    | Unsecured personal loans        | 0.00% |
| 6.    | Auto loans                      | 0.00% |
| 7.    | Other personal loans            | 0.00% |

**Onward lending to borrowers forming part of the “Group” as defined by RBI:**

| Name of the Borrower (A) | Amount of advances / exposures to such Borrower (Group) (₹ in million) | Percentage of exposure (C) = B/Total AUM |
|--------------------------|--|--|
| NIL                      | NIL  | NIL                                      |

#### **Pre-Issue Advertisement:**

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

#### **Auditors’ Remarks**

There are no reservations or qualifications or adverse remarks in the Financial Statements of our Company in the last five financial years immediately preceding the Prospectus.

#### **Trading**

Debt securities issued by our Company, which are listed on BSE and NSE’s Wholesale Debt Market are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

#### **Caution**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447.”*

**Disclaimer Statement from the Issuer**

The issuer accepts no responsibility for statements made other than in this Shelf Prospectus issued by our Company in connection with the Issue of the Debentures and anyone placing reliance on any other source of information would be doing so at his / her own risk.

## SECTION VII- ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The following are the details of the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in “*Terms of the Issue*” on page 216 of this Prospectus.

The key common terms and conditions of the NCDs are as follows:

|   |  |
|---|--|
| <b>Issuer</b>   | Edelweiss Retail Finance Limited   |
| <b>Type of instrument/ Name of the security</b>       | Secured Redeemable Non-Convertible Debentures  |
| <b>Nature of Indebtedness and Ranking / Seniority</b> | Senior   |
| <b>Nature of the instrument</b>                       | Secured Redeemable Non-Convertible Debentures  |
| <b>Mode of the issue</b>                              | Public issue   |
| <b>Lead Managers</b>                                  | Axis Bank Limited and Edelweiss Financial Services Limited   |
| <b>Debenture Trustee</b>                              | IDBI Trusteeship Services Limited  |
| <b>Depositories</b>                                   | NSDL and CDSL  |
| <b>Registrar to the Issue/ Registrar</b>              | Karvy Computershare Private Limited  |
| <b>Issue</b>  | Public Issue by our Company of 2,500,000 NCDs of face value of ₹1,000 aggregating up to ₹2,500 million with an option to retain over-subscription up to additional 2,500,000 NCDs amounting to ₹2,500 million aggregating up to ₹5,000 million, on the terms and in the manner set forth herein  |
| <b>Issue Size</b>                                     | ₹5,000 million   |
| <b>Base Issue</b>                                     | ₹2,500 million   |
| <b>Option to retain Oversubscription Amount</b>       | ₹2,500 million   |
| <b>Eligible investors</b>                             | See the section titled “ <i>Issue Procedure</i> ” on page 233 of this Prospectus   |
| <b>Objects of the Issue</b>                           | Please see “ <i>Objects of the Issue</i> ” on page 64 of this Prospectus   |
| <b>Details of utilization of the proceeds</b>         | See the section titled “ <i>Objects of the Issue</i> ” on page 64 of this Prospectus.  |
| <b>Interest rate</b>                                  | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Prospectus   |
| <b>Security</b>                                       | The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest due on the NCDs in respect thereof shall be secured by way of <i>pari passu</i> charge in favour of the Debenture Trustee on specific present and/or future receivables/assets and/or <i>pari passu</i> charge on an identified immovable property of our Company as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs (along with the interest due thereon). For further details please refer to the section titled “ <i>Terms of the Issue – Security</i> ” on page no. 216 of this Prospectus. |
| <b>Step up/ Step down interest rates</b>              | NA   |
| <b>Interest type</b>                                  | Fixed  |
| <b>Interest reset process</b>                         | Not Applicable   |
| <b>Issuance mode of the instrument*</b>               | Demat  |
| <b>Frequency of interest payment</b>                  | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Prospectus   |
| <b>Interest payment</b>                               | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Prospectus   |
| <b>Day count basis</b>                                | Actual/ Actual   |
| <b>Interest on application money</b>                  | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Prospectus   |

|  |  |
|--|--|
| <b>Default interest rate</b>   | Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed and Memorandum of Hypothecation, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws   |
| <b>Tenor</b>   | Please see the section titled “ <i>Terms of the Issue</i> ” on page 216 of this Prospectus   |
| <b>Redemption premium/ discount</b>  | NA   |
| <b>Issue Price (in ₹)</b>  | ₹ 1,000 per NCD  |
| <b>Discount at which security is issued and the effective yield as a result of such discount</b> | Not Applicable   |
| <b>Put date</b>  | NA   |
| <b>Put price</b>   | NA   |
| <b>Call date</b>   | NA   |
| <b>Call price</b>  | NA   |
| <b>Put notification time</b>   | NA   |
| <b>Call notification time</b>  | NA   |
| <b>Face value</b>  | ₹ 1,000 per NCD  |
| <b>Minimum Application size and in multiples of NCD thereafter</b>                               | ₹ 10,000 (10 NCDs) and in multiple of ₹1,000 (1 NCD) thereafter  |
| <b>Market Lot/ Trading Lot</b>   | One  |
| <b>Pay-in date</b>   | Application Date. The entire Application Amount is payable on Application.   |
| <b>Credit ratings</b>  | The NCDs proposed to be issued under this Issue have been rated “CRISIL AA/Stable” for an amount of ₹ 5,000 million, by CRISIL <i>vide</i> its letter dated February 5, 2018 as revalidated by CRISIL <i>vide</i> its letter dated February 23, 2018, and “[ICRA]AA” for an amount of ₹ 5,000 million, by ICRA <i>vide</i> its letters dated February 2, 2018 as revalidated by ICRA <i>vide</i> its letter dated February 19, 2018. The rating of NCDs by CRISIL and ICRA indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see <i>Annexure A &amp; B</i> of this Shelf Prospectus. |
| <b>Listing</b>   | The NCDs are proposed to be listed on BSE and NSE. The NCDs shall be listed within 12 Working Days from the date of Issue Closure.<br>For more information, see “ <i>Other Regulatory And Statutory Disclosures</i> ” on 195 of this Prospectus.   |
| <b>Modes of payment</b>  | Please see the section titled “ <i>Issue Procedure</i> ” on page 233 of this Prospectus.   |
| <b>Trading mode of the instrument</b>  | In dematerialised form only  |
| <b>Issue opening date</b>  | March 07, 2018   |
| <b>Issue closing date**</b>  | March 22, 2018   |
| <b>Record date</b>   | 15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the Prospectus. In the event the Record Date falls on a second or fourth Saturday or a Sunday or a public holiday in India or Mumbai, the succeeding Working Day will be considered as the Record Date.  |
| <b>Issue documents</b>   | The Draft Prospectus and the Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and Memorandum of Hypothecation, Application Form, abridged Prospectus and other documents, as applicable, and various other documents/ agreements/ undertakings, entered or to be entered by   |



|  |   |
|--|---|
|  | our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Memorandum of Hypothecation, the Tripartite Agreements, the Escrow Agreement, the Registrar Agreement, and the Lead Broker Agreement. For further details please refer to “ <b>Material Contracts and Documents for Inspection</b> ” on page 275 of this Prospectus  |
| <b>Conditions precedent to disbursement</b>                | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement. See “ <b>General Information - Utilisation of Issue Proceeds</b> ” on page 50 of this Prospectus.   |
| <b>Conditions subsequent to disbursement</b>               | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.   |
| <b>Events of default / cross default</b>                   | See the section titled “ <b>Terms of the Issue</b> ” on page 216 of this Prospectus   |
| <b>Deemed date of Allotment</b>                            | The date on which the Board or Securities IPO Committee approves the Allotment of NCDs or such date as may be determined by the Board of Directors/or Securities IPO Committee and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.                                      |
| <b>Roles and responsibilities of the Debenture Trustee</b> | See the section titled “ <b>Terms of the Issue</b> ” on page 216 of this Prospectus   |
| <b>Governing law and jurisdiction</b>                      | The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively.   |
| <b>Working day convention</b>                              | Working Day shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue period, i.e. period beginning from Issue Closing Date to listing of the securities, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India. |

\* In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form.

\*\* The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the Securities IPO Committee constituted by resolution of the Board dated January 22, 2018. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE and NSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE and NSE.

### Terms of the NCDs

We are offering NCDs which shall have a fixed rate of interest. The NCDs will be issued at a face value of ₹1,000/- per NCD. Interest on the NCDs shall be payable as set out hereinafter. The terms of the NCDs offered pursuant to the Issue are as follows:

| Series                                | I                                     | II     | III     | IV***  | V       | VI     |
|---------------------------------------|---------------------------------------|--------|---------|--------|---------|--------|
| <b>Frequency of Interest Payment</b>  | Monthly                               | Annual | Monthly | Annual | Monthly | Annual |
| <b>Minimum Application</b>            | ₹10,000/- (10 NCDs) across all Series |        |         |        |         |        |
| <b>Face Value/Issue Price of NCDs</b> | ₹1,000/-                              |        |         |        |         |        |

|  |                                |          |          |          |          |          |
|--|--------------------------------|----------|----------|----------|----------|----------|
| (₹ / NCD)  |                                |          |          |          |          |          |
| In Multiples of thereafter (₹)   | ₹1,000/- (1 NCD)               |          |          |          |          |          |
| Tenor from Deemed Date of Allotment  | 3 years                        | 3 years  | 5 years  | 5 years  | 10 years | 10 years |
| Coupon (% per annum) for NCD Holders in Category I, II, III & Category IV          | 8.42%                          | 8.75%    | 8.65%    | 9.00%    | 8.88%    | 9.25%    |
| Effective Yield (per annum) for NCD Holders in Category I, II, III and Category IV | 8.75%                          | 8.75%    | 9.00%    | 9.00%    | 9.25%    | 9.25%    |
| Mode of Interest Payment   | Through various mode available |          |          |          |          |          |
| Amount (₹ / NCD) on Maturity for NCD Holders in Category I, II, III & Category IV  | ₹1,000/-                       | ₹1,000/- | ₹1,000/- | ₹1,000/- | ₹1,000/- | ₹1,000/- |
| Maturity Date (from Deemed Date of Allotment)                                      | 3 years                        | 3 years  | 5 years  | 5 years  | 10 years | 10 years |
| Put and Call Option  | NA                             | NA       | NA       | NA       | NA       | NA       |

*Institutional, Non Institutional, HNI and Retail Individual Category Investor(s) can subscribe to all series of NCDs, Subject to applicable tax deducted at source, if any.*

*\*\*\* Our Company shall allocate and allot Series IV NCDs wherein the Applicants have not indicated their choice of the relevant NCD series.*

For details of the interest payment please refer to “**Interest and Payment of Interest**” at page no 221 of this Prospectus.

#### **Terms of payment**

The entire face value per NCDs is payable on application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall refund the amount paid on application to the Applicant, in accordance with the terms of the

Prospectus.

### **Day Count Convention**

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

### **Effect of holidays on payments**

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

### **Illustration for guidance in respect of the day count convention and effect of holidays on payments.**

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016, as the case may be, will be as disclosed in the Prospectus.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum Subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹1,875 million, prior to the Issue Closing Date the entire subscription amount shall be refunded to the Applicants within 12 days from the Issue Closing Date. The refunded subscription amount shall be credited only to the bank account from which the relevant subscription was remitted. If there is delay in the refund of the application monies, our Company becomes liable to refund the subscription amount along with interest for the delayed period at the rate prescribed under applicable law and in the manner as may be prescribed in accordance with Section 39(3) of the Act, 2013.

Under Section 39 (3) of the Companies Act 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.**

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “**Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3I(7) thereof. This Prospectus may not be forwarded or distributed to any other

person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account (in case of Applicants applying for Allotment of the NCDs in dematerialized form) held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

For further details, see the section titled “*Issue Procedure*” on page 233 of this Prospectus.

## TERMS OF THE ISSUE

### GENERAL TERMS OF THE ISSUE

#### Authority for the Issue

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on January 22, 2018. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders *vide* their resolution dated January 22, 2018.

#### Principal Terms and Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Companies Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement, the Debenture Trust Deed and Memorandum of Hypothecation, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/Stock Exchanges, RBI and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

#### Ranking of NCDs

The NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the existing secured creditors on all loans and advances/ book debts/ receivables, both present and future of our Company and immovable property equal to the value one time of the debentures outstanding plus interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. Our Company confirms that all permissions and/or consents for creation of a *pari passu* charge on the book debts/ loans and advances/ receivables, both present and future and immovable property as stated above, have been obtained from all relevant creditors, lenders and debenture trustees of our Company, who have an existing charge over the above mentioned assets.

#### Security

The principal amount of the NCDs to be issued in terms of the Draft Prospectus and Prospectus together with all interest due on the NCDs in respect thereof shall be secured by way of *pari passu* charge in favour of the Debenture Trustee on specific present and/or future receivables/assets and/or *pari passu* charge on an identified immovable property of our Company as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs (along with the interest due thereon).

#### Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 which require that when debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7)(b)(iii) of the Companies (Share Capital and Debentures) Rules, 2014 states that for companies such as our Company, the adequacy of DRR shall be 25% of the value of debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly our Company is required to create a DRR of 25% of the value of the NCDs issued *vide* the Issue. In addition, as per Rule 18 (7)(e) under Chapter IV of the Companies Act, 2013, the amount deposited or invested in the manner as provided in Rule 18(7)(c) as applicable to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30<sup>th</sup> day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the central government or of any state government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The

above mentioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31<sup>st</sup> day of March of that year.

### **Face Value**

The face value of each NCD shall be ₹1,000.

### **Trustees for the NCD Holders**

We have appointed IDBI Trusteeship Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

### **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Default is committed in payment of the principal amount of the NCDs on the due date(s); and Default is committed in payment of any interest on the NCDs on the due date(s).

### **NCD Holder not a Shareholder**

The NCD Holders will not be entitled to any of the rights and privileges available to the equity shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

### **Rights of NCD Holders**

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied,

modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. A register of NCD Holders holding NCDs in physical form (“**Register of NCD Holders**”) will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose.
6. Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of the Offer Document and the Debenture Trust Deed.

#### **Nomination facility to NCD Holder**

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 (“**Rule 19**”) and the Companies Act, 2013, the sole NCD Holder, or first NCD Holder, along with other joint NCD Holders’ (being individual(s)), may nominate, in the **Form No. SH.13**, any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder’s death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- (a) to register himself or herself as holder of NCDs; or
- (b) to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

Applicants holding NCDs in the physical form should provide required details in connection with their nominee to our Company and inform our Company in connection with NCDs held in the physical form.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

### **Application in the Issue**

NCDs being issued through the Offer Document can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

### **Form and Denomination**

A successful Applicant can also request for the issue of NCDs certificates in the denomination of 1 (one) NCD at any time post allotment of the NCDs (“**Market Lot**”).

In respect of Consolidated Certificates, we will, only upon receipt of a request from the NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

### **Transfer/Transmission of NCD(s)**

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Companies Act, 2013 shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well. In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by the Issuer may be used for the same. The NCDs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

Please see the section titled “**Issue Structure**” on page 210 of this Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.



***For NCDs held in electronic form:***

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialized holding into physical holding. Thereafter, the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialized form, he can choose to dematerialize the securities through his DP.

**Title**

In case of:

- (a) the NCDs held in the dematerialized form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and
- (b) the NCDs held in physical form, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

**Succession**

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

## Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

## Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time.  **Holders of NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialization of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialization.**

## Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any requirements of the RBI and/or as provided in our Articles of Association. Please refer to the section titled “*Main Provisions of the Articles of Association of our Company*” on page 265 of this Prospectus.

## Taxation

For details, please see “*Statement of Tax Benefits*” on page 67 of this Prospectus.

## Period of Subscription

| ISSUE PROGRAMME |                |
|-----------------|----------------|
| ISSUE OPENS ON  | March 07, 2018 |
| ISSUE CLOSES ON | March 22, 2018 |

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Managers or the Trading Members of the Stock Exchanges, as the case maybe, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Lead Managers or the Trading Members of the Stock Exchanges, as the case maybe, only at the Selected Cities. On the Issue Closing Date Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013.

## Interest and Payment of Interest

### Series I NCDs

In case of Series I NCDs, interest would be paid monthly at the following Coupon Rate in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series I NCDs:

| <b>Category of NCD holder</b> | <b>Coupon rate (%) per annum</b> |
|-------------------------------|----------------------------------|
| Category I Investor           | 8.42                             |
| Category II Investor          | 8.42                             |
| Category III Investor         | 8.42                             |
| Category IV Investor          | 8.42                             |

Series I NCDs shall be redeemed at the Face Value along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.

### **Series II NCDs**

In case of Series II NCDs, interest would be paid annually at the following Coupon Rate in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series II NCDs:

| <b>Category of NCD holder</b> | <b>Coupon rate (%) per annum</b> |
|-------------------------------|----------------------------------|
| Category I Investor           | 8.75                             |
| Category II Investor          | 8.75                             |
| Category III Investor         | 8.75                             |
| Category IV Investor          | 8.75                             |

Series II NCDs shall be redeemed at the Face Value along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.

### **Series III NCDs**

In case of Series III NCDs, interest would be paid monthly at the following Coupon Rate in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series III NCDs:

| <b>Category of NCD holder</b> | <b>Coupon rate (%) per annum</b> |
|-------------------------------|----------------------------------|
| Category I Investor           | 8.65                             |
| Category II Investor          | 8.65                             |
| Category III Investor         | 8.65                             |
| Category IV Investor          | 8.65                             |

Series III NCDs shall be redeemed at the Face Value along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

### **Series IV NCDs**

In case of Series IV NCDs, interest would be paid annually at the following Coupon Rate in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series IV NCDs:

| <b>Category of NCD holder</b> | <b>Coupon rate (%) per annum</b> |
|-------------------------------|----------------------------------|
| Category I Investor           | 9.00                             |
| Category II Investor          | 9.00                             |
| Category III Investor         | 9.00                             |
| Category IV Investor          | 9.00                             |

Series IV NCDs shall be redeemed at the Face Value along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

## Series V NCDs

In case of Series V NCDs, interest would be paid monthly at the following Coupon Rate in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series V NCDs:

| Category of NCD holder | Coupon rate (%) per annum |
|------------------------|---------------------------|
| Category I Investor    | 8.88                      |
| Category II Investor   | 8.88                      |
| Category III Investor  | 8.88                      |
| Category IV Investor   | 8.88                      |

Series V NCDs shall be redeemed at the Face Value along with the interest accrued thereon, if any, at the end of 120 months from the Deemed Date of Allotment.

## Series VI NCDs

In case of Series VI NCDs, interest would be paid annually at the following Coupon Rate in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series VI NCDs:

| Category of NCD holder | Coupon rate (%) per annum |
|------------------------|---------------------------|
| Category I Investor    | 9.25                      |
| Category II Investor   | 9.25                      |
| Category III Investor  | 9.25                      |
| Category IV Investor   | 9.25                      |

Series VI NCDs shall be redeemed at the Face Value along with the interest accrued thereon, if any, at the end of 120 months from the Deemed Date of Allotment.

It is clarified that for NCDs subscribed in respect to Series I, III and V, where the interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last day of every subsequent month during the tenure of such NCDs and paid on the first day of every subsequent month. For the first interest payment of the NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

If any coupon / interest payment date falls on a day that is not a Working Day, the payment shall be made on the immediately next Working Day. For avoidance of doubt, in case of interest payment on effective date, interest for period between actual interest payment date and the effective date will be paid in normal course in the next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per the Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the maturity date or the Redemption Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the coupon / interest accrued on the NCDs until but excluding the date of such payment. The interest / redemption payments shall be made only on the days when the money market is functioning in Mumbai.

## Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident Individuals and HUFs), if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all Applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or Chennai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

*Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.*

#### **Day Count Convention:**

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013. Day count convention shall be actual / actual.

#### **Effect of holidays on payments:**

If the date of payment of interest does not fall on a Working Day, then the immediately succeeding Working Day will be considered as the effective date for such payment of interest along with interest for such additional period (the “**Effective Date**”). Such additional interest will be deducted from the interest payable on the next date of payment of interest. Interest and principal or other amounts, if any, will be paid on the Effective Date. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

#### **Interest on Application Amount**

#### **Interest on application amounts received which are used towards allotment of NCDs:**

Our Company shall pay interest on application amount, as per the Effective Yield applicable to the relevant NCD (as per the Category of the Investor), allotted to the Applicants, other than to ASBA Applicants, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicants to whom NCDs are allotted pursuant Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE and NSE upto one day prior to the Deemed Date of Allotment.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, the interest warrant will be dispatched along with the

Letter(s) of Allotment/ NCD Certificates at the sole risk of the Applicant, to the sole/first Applicant.

### **TDS on Interest on Application Amount**

Interest on Application Amount is subject to deduction of income tax under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable. Tax exemption certificate/declaration of non-deduction of tax at source on interest on Application Amount, if any, should be submitted along with the Application Form.

### **Interest on application amounts received which are liable to be refunded:**

Our Company shall pay interest on application amount which is liable to be refunded to the Applicants, other than to ASBA Applicants, in accordance with the provisions of the SEBI Debt Regulations and/or the Companies Act, 2013, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicants to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s)/demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE and NSE upto one day prior to the Deemed Date of Allotment, at the rate of 5% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the Applicant, to the sole/first Applicant.

In the event our Company does not receive a minimum subscription, as specified in this Prospectus on the date of closure of the Issue, our Company shall pay interest on application amount which is liable to be refunded to the Applicants, other than to ASBA Applicants, in accordance with the provisions of the Debt Regulations and/or the Companies Act, 2013, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of upload of each application on the electronic platform of the Stock Exchanges) whichever is later and upto the date of closure of the Issue at the rate of 15% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) to the account of the Applicants, other than ASBA Applicants, as mentioned in the depository records along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. Please refer to the sub-section "**Rejection of Application**" at page 253 of this Prospectus.

### **Maturity and Redemption**

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 36 months from the Deemed Date of Allotment for Series I and II, 60 months from the Deemed Date of Allotment for Series III and IV, 120 months from the Deemed Date of Allotment for Series V and VI.

### **Put / Call Option**

There is no put or call option available to any Investor.

### **Application Size**

Each application should be for a minimum of ten (10) NCDs and multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹10,000 (across all Series of NCDs) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

### **Terms of Payment**

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund the excess amount paid on application to the Applicant in accordance with the terms of this Prospectus.

### **Manner of Payment of Interest / Refund**

The manner of payment of interest / refund in connection with the NCDs is set out below:

#### ***For NCDs held in physical form:***

The bank details will be obtained from the Application Form or from the copy of the cancelled cheque or such other documentary proof as may have been annexed to the Application Form by the Applicant for payment of interest / refund / redemption as the case may be. In case of NCDs held in physical form on account of re-materialization and/or subsequent transfer post-allotment, the bank details will be obtained from the documents submitted to our Company along with the re-materialisation request.

#### ***For NCDs applied / held in electronic form:***

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

- 1. Direct Credit:** Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.
- 2. NACH:** National Automated Clearing House which is a consolidated system of ECS. Payments of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 3. RTGS:** Applicants having a bank account with a participating bank and whose interest payment / refund / redemption amount exceeds ₹0.2 million, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment / refund / redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.

4. **NEFT:** Payment of interest / refund / redemption shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a Magnetic Ink Character Recognition (“**MICR**”), if any, available 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 Applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the Applicants through this method.
5. **Registered Post/Speed Post:** For all other Applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through Speed Post/ Registered Post only to Applicants that have provided details of a registered address in India. Refunds may be made by cheques, pay orders, or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. All cheques, pay orders, or demand drafts as the case may be, shall be sent by registered/speed post at the Investor's sole risk. Bank charges, if any, for cashing such cheques, pay orders, or demand drafts at other centres will be payable by the Applicant.

#### **Refunds for Applicants other than ASBA Applicants**

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of NCDs. In case of Applicants who have applied for Allotment of NCDs in dematerialized form, the Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. In case of Applicants who have applied for Allotment of NCDs in physical form, the bank details will be extracted from the Application Form or the copy of the cancelled cheque. For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, as per Demographic Details received from the Depositories or the address details provided in the Application Form, in case of Applicants who have applied for Allotment of NCDs in physical form. The Demographic Details or the address details provided in the Application Form would be used for mailing of the physical refund orders, as applicable. Investors who have applied for NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investors at their sole risk and neither the Lead Managers nor our Company shall have any responsibility and undertake any liability for such delays on part of the investors.

#### **Printing of Bank Particulars on Interest Warrants**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of rematerialisation or transfer, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCDs as available in the records of our Company. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

#### **Buy Back of NCDs**

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.



Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

### **Record Date**

15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the Prospectus. In the event the Record Date falls on a second or fourth Saturday or a Sunday or a public holiday in India or Mumbai, the succeeding Working Day will be considered as the Record Date.

### **Procedure for Redemption by NCD Holders**

The procedure for redemption is set out below:

#### ***NCDs held in physical form:***

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the para "**Payment on Redemption**" given below.

#### ***NCDs held in electronic form:***

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

### **Payment on Redemption**

The manner of payment of redemption is set out below:

#### ***NCDs held in physical form:***

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD Holders whose names stand in the Register of NCD Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

Our liability to holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

***NCDs held in electronic form:***

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

**Issue of Duplicate NCD Certificate(s)**

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

**Right to Reissue NCD(s)**

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

**Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

**Notices**

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Mumbai and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

**Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

### **Impersonation**

As a matter of abundant caution, 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 of the Companies Act, 2013.”

### **Pre-closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the Draft Prospectus and Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which preissue advertisement and advertisement for opening or closure of the issue have been given.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue i.e. ₹1,875 million, within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. In the event, there is a delay, by our Company in making the aforesaid refund within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

### **Guarantee/Letter of Comfort**

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

### **Utilisation of Application Amount**

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

### **Utilisation of Issue Proceeds**

- (a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) We shall utilize the Issue proceeds only upon execution of the documents for creation of security as stated in this Prospectus and on receipt of the minimum subscription.
- (e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

### **Monitoring & Reporting of Utilisation of Issue Proceeds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant quarters commencing from the financial year ending March 31, 2018, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

### **Lien**

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company.

### **Lien on Pledge of NCDs**

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

### **Procedure for Rematerialisation of NCDs**

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialization of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialization.

### **Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

### **Notices**

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee will be sent by post/courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

## **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the respective Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s)

## **Filing of the Prospectus with the RoC**

A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

## **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

## **Listing**

The NCDs offered through this Prospectus are proposed to be listed on BSE and NSE. Our Company has obtained an 'in-principle' approval for the Issue from BSE and NSE *vide* their letter no DCS/BM/PI-BOND/6/17-18 dated February 26, 2018 and letter no NSE/LIST/38418 dated February 26, 2018 respectively. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within 12 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

## ISSUE PROCEDURE

*This section applies to all Applicants. ASBA Applicants should note that the ASBA process involves application procedures which may be different from the procedures applicable to Applicants who apply for NCDs through any of the other channels, and accordingly should carefully read the provisions applicable to ASBA Applications hereunder. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the Designated Branches of the SCSBs.*

*ASBA Applicants should note that they may submit their ASBA Applications to the Lead Managers, or Trading Members of the Stock Exchanges only in the Specified Cities or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Lead Manager, or Trading Members of the Stock Exchanges at the centres mentioned in the Application Form.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.*

*Please note that this section has been prepared based on the Debt Application Circular issued by SEBI. The following Issue procedure is subject to the functioning and operations of the necessary systems and infrastructure put in place by the Stock Exchanges for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by the Stock Exchanges and is also subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and the Stock Exchanges has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchanges. Hence, the Direct Online Application facility will not be available for this Issue.*

*Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 SEBI Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.*

**PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGES WHO WISH TO COLLECT AND UPLOAD APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.**

**THE LEAD MANAGERS, THE SYNDICATE MEMBERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGES.**

*For purposes of the Issue, the term "Working Day" shall mean all days excluding Saturdays, Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding 2<sup>nd</sup> and 4<sup>th</sup> Saturdays of a month or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.*

The information below is given for the benefit of the investors. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

## PROCEDURE FOR APPLICATION

### Availability of the abridged Prospectus and Application Forms

**Please note that there is a single Application Form for ASBA Applicants as well as non-ASBA Applicants who are Persons Resident in India.**

Physical copies of the abridged Prospectus containing the salient features of the Prospectus together with Application Forms may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Managers;
- (c) Trading Members; and
- (d) Designated Branches of the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchanges and on the websites of the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Prospectus and Application Form can be obtained from our Company's Registered and Corporate Office, as well as offices of the Lead Managers. Electronic copies of the Draft Prospectus and the Prospectus will be available on the websites of the Lead Managers, the Stock Exchanges, SEBI and the SCSBs.

### Who are eligible to apply for NCDs?

The following categories of persons are eligible to apply in the Issue:

| Category I  | Category II   | Category III   | Category IV  |
|---|---|--|--|
| Institutional Investors   | Non Institutional Investors   | High Net-worth Individual, ("HNIs"), Investors   | Retail Individual Investors  |
| <ul style="list-style-type: none"> <li>▪ Resident Public Financial Institutions, Statutory Corporations including State Industrial Development Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;</li> <li>▪ Provident Funds and</li> </ul> | <ul style="list-style-type: none"> <li>▪ Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>▪ Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment;</li> </ul> | Resident individuals and Hindu Undivided Families applying for an amount aggregating to above ₹ 1,000,000 across all series of NCDs in Issue | Resident individuals and Hindu Undivided Families applying for an amount aggregating up to and including ₹1,000,000 across all series of NCDs in Issue |

| Category I  | Category II  | Category III  | Category IV                        |
|---|--|---|------------------------------------|
| <b>Institutional Investors</b>  | <b>Non Institutional Investors</b>   | <b>High Net-worth Individual, (“HNIs”), Investors</b> | <b>Retail Individual Investors</b> |
| <p>Resident Pension Funds with minimum corpus of ₹250 million, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;</p> <ul style="list-style-type: none"> <li>▪ Venture Capital funds and / or Alternative Investment Funds registered with SEBI;</li> <li>▪ Insurance Companies registered with the IRDAI;</li> <li>▪ Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than five thousand million rupees as per the last audited financial statements;</li> <li>▪ National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);</li> <li>▪ Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India</li> <li>▪ Mutual Funds, registered with SEBI.</li> </ul> | <p>which are authorized to invest in the NCDs;</p> <ul style="list-style-type: none"> <li>▪ Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li> <li>▪ Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>▪ Partnership firms in the name of the partners; and</li> <li>▪ Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).</li> </ul> |   |                                    |

**Note:** All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation HNIs and Retail Individual Investors who are eligible under applicable laws to hold the NCDs are collectively referred to as “Individuals”.



All categories of entities, associations, organizations, societies, trusts, funds, partnership firms, limited liability partnerships, bodies corporate, statutory and/or regulatory bodies and authorities and other forms of legal entities who are NOT individuals or natural persons and are eligible under applicable laws to hold the NCDs including without limitation Institutional Investors and Non Institutional Investors are collectively referred to as “Non Individuals”.

**Please note that it is clarified that persons resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.**

**Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

#### **Who are not eligible to apply for NCDs?**

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- (a) Minors without a guardian name\*;
- (b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India;
- (d) FIIs;
- (e) FPIs;
- (f) Qualified foreign investors;
- (g) Overseas Corporate Bodies; and
- (h) Person ineligible to contract under applicable statutory/regulatory requirements.

*\*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments and implementing measures thereto, the “**Prospectus Directive**”) has been or will be made in respect of the Issue or otherwise in respect of the NCDs, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “**Relevant Member State**”) except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a Prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the NCDs.

Please refer to “*Rejection of Applications*” on page 253 of this Prospectus for information on rejection of Applications.

### **Modes of Making Applications**

Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Lead Managers, or the Trading Members of the Stock Exchanges only in the Specified Cities (namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) (“**Syndicate ASBA**”). For further details please refer to “*Submission of ASBA Applications*” on page 240 of this Prospectus;
- (b) ASBA Applications through the Designated Branches of the SCSBs. For further details please refer to “*Submission of ASBA Applications*” on page 240 of this Prospectus; and
- (c) Non-ASBA Applications through the Lead Managers or the Trading Members of the Stock Exchanges at the centres mentioned in Application Form. For further details please refer to “*Submission of Non-ASBA Applications (other than Direct Online Applications)*” on page 241 of this Prospectus.

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and the Stock Exchanges has confirmed that the necessary infrastructure and facilities for the same have not been implemented by both Stock Exchanges. Hence, the Direct Online Application facility will not be available for this Issue.*

### **APPLICATIONS FOR ALLOTMENT OF NCDs**

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

#### **Applications by Mutual Funds**

Pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“**SEBI Circular 2016**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

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. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by mutual fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### **Application by Commercial Banks, Co-operative Banks and Regional Rural Banks**

Commercial banks, co-operative banks and regional rural banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

#### **Application by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) Memorandum and articles of association (ii) Power of attorney (iii) Resolution authorising investment and containing operating instructions; and (iv) Specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

#### **Application by Indian Alternative Investment Funds**

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment**

In case of Applications made by Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorized person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by National Investment Fund**

The application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### **Companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)**

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions; (iv) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the**

**power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

## **APPLICATIONS FOR ALLOTMENT OF NCDs IN THE PHYSICAL AND DEMATERIALIZED FORM**

### **Applications for allotment in the dematerialized form**

#### *Submission of ASBA Applications*

Applicants can also apply for NCDs using the ASBA facility. ASBA Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchanges. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchanges.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchanges. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the ASBA Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.
- (b) Physically through the Lead Managers, or Trading Members of the Stock Exchanges only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat), i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Upon receipt of the Application Form by the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchanges and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchanges, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the

amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Managers and Trading Members of the Stock Exchanges at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites.
- (b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to “*Issue Structure*” on page 210 of this Prospectus.
- (c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Trading Members of the Stock Exchanges, as the case maybe, if not, the same shall be rejected. **Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

**Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialized form only.**

***Submission of Non-ASBA Applications (Other than Direct Online Applications)***

Applicants must use the specified Application Form, which will be serially numbered, bearing the stamp of the relevant Lead Manager or Trading Member of the Stock Exchanges, as the case maybe, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Lead Manager, Lead Brokers, Syndicate Members or Trading Member of the Stock Exchanges, as the case maybe, at the centers mentioned in the Application Form along with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. **Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.** The Stock Exchanges may also provide Application Forms for being downloaded and filled. Accordingly, the investors may download Application Forms and submit the completed Application Forms together with cheques/ demand drafts to the Lead Manager, Lead Brokers, and Trading Member of the Stock Exchanges at the centers mentioned in the Application Form. On submission of the complete Application Form, the relevant Lead Manager, Syndicate Members or Trading Member of the Stock Exchanges, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchanges, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and time and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft shall be forwarded to the Escrow Collection Banks for realization and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with:

- (a) any cancellation/ withdrawal of their Application;
- (b) queries in connection with allotment and/ or refund(s) of NCDs; and/or
- (c) all investor grievances/ complaints in connection with the Issue.

All cheques / bank drafts accompanying the Applications made by eligible Applicants should be crossed “A/c Payee only” and must be made payable to “***ERFL NCD Public Issue - Escrow Account***”.

The Members of the Syndicate/ Trading Members of the Stock Exchanges, upon receipt of the Non-ASBA Applications, shall upload all the details of the Applications on the online platform of the Stock Exchanges. The Members of the Syndicate/ Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form along with the cheque/ bank draft to the Escrow Collection Banks. The Members of the Syndicate/ Trading Members of the Stock Exchanges are requested to note that all Applications are required to be banked with only the designated branches of Escrow Collection Banks.

#### **Applicant's Bank Account Details**

The Registrar to the Issue will obtain the Applicant's bank account details from the Depository. The Applicant should note that on the basis of the name of the applicant, PAN details, Depository Participant's (DP) name, Depository Participant's identification number and beneficiary account number provided by them in the Application Form and uploaded in platform of the Stock Exchanges, the Registrar to the Issue will obtain the Applicant's bank account details from the Depositories. The Applicants are advised to ensure that bank account details are updated in their respective DP Accounts as these bank account details would be printed on the refund order(s) or used for refunding through electronic mode, as applicable. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicant's sole risk and neither the Lead Managers, our Company, the Refund Banker(s) nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

#### **Applicant's Depository Account Details**

**ALL APPLICANTS WHO HAVE A DEMAT ACCOUNT AND WISH TO HOLD NCDs IN DEMAT FORM SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.**

Applicant should note that on the basis of name of the applicant, PAN details, Depository Participant's name, Depository Participant-Identification number and beneficiary account Number provided by them in the Application Form and uploaded in the platform of the Stock Exchanges, the Registrar to the Issue will obtain from the Depository, demographic details of the Applicant such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable ("Demographic Details"). Hence, Applicants should carefully fill in their Depository Account details in the Application Form. Applicants are advised to update their Demographic Details such as address, PAN and bank account details such as account number, ISFC, MICR code etc. with their Depository Participants and ensure that they are true and correct. These Demographic Details would be used for all correspondence with the Applicants including mailing of the refund orders/ Allotment Advice and printing of bank particulars on the refund/interest order and the Category.

PAN of Applicants and the Demographic Details given by Applicant in the Application Form would not be used for these purposes by the Registrar. Refund orders/Allotment Advice would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicant may note that delivery of refund orders/Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicant's sole risk and neither we nor the Lead Managers or the Registrars shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

However in case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders /Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used. In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Applicants (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

#### **Submission of Direct Online Applications**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and the Stock Exchanges has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchanges. Hence, the Direct Online Application facility will not be available for this Issue.*

In the event the Direct Online Application facility is implemented by the Stock Exchanges, relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number (“UAN”) and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

**As per the Debt Application Circular issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.**

## **INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM**

### **General Instructions**

#### **A. General instructions for completing the Application Form**

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in the Draft Prospectus, the Prospectus the abridged Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs or more in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Managers, Trading Members of the Stock Exchanges or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager,



Trading Member of the Stock Exchanges or the Designated Branch of the SCSBs, as the case may be.

- Every Applicant should hold a valid PAN and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.
- All Applicants are required to tick the relevant box of the “Mode of Application” in the Application Form choosing either ASBA or Non-ASBA mechanism.
- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected
- KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the physical form.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchanges in the data entries as such data entries will be considered for allotment.

**Applicants should note that neither the Lead Managers, Trading Member of the Stock Exchanges, Escrow Collection Banks nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.**

**Our Company would allot the NCDs, as specified in this Prospectus to all valid Applications.**

#### **B. Applicant’s Beneficiary Account and Bank Account Details**

Applicants applying for Allotment in dematerialized form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the beneficiary account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant’s name, it should be ensured that the beneficiary account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchanges, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition (“MICR”) Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their beneficiary account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants’ sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by

the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. **Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Managers, Trading Members of the Stock Exchanges, Escrow Collection Banks, SCSBs, Registrar to the Issue nor the Stock Exchanges shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.** In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

#### **C. Permanent Account Number (PAN)**

The Applicant should mention his or her PAN allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the central or state government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the general index register number i.e. GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the central or state government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

#### **D. Joint Applications**

If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

#### **E. Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs, subject to a minimum application size of ₹ 10,000 and in multiples of ₹ 1,000 thereafter. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** Any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a HUF and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For

the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

### **Do's and Don'ts**

Applicants are advised to take note of the following while filling and submitting the Application Form:

#### **Do's**

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.
4. Ensure that the DP ID and Client ID are correct and beneficiary account is activated for Allotment of NCDs in dematerialized form. The requirement for providing Depository Participant details shall be mandatory for all Applicants.
5. Ensure that the Application Forms are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Lead Manager or Trading Members of the Stock Exchanges, as the case may be, for Applications other than ASBA Applications.
6. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
7. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
8. Ensure that signatures other than in the languages specified in the 8<sup>th</sup> Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
9. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchanges, match with the DP ID, Client ID and PAN available in the Depository database;
10. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
11. Ensure that the Applications are submitted to the Lead Managers, Trading Members of the Stock Exchanges or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "**Issue Structure**" on page 210 of this Prospectus.
12. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;
13. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;
14. **Permanent Account Number:** Except for Application (i) on behalf of the central or state government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the central or state government and officials appointed by the courts and for investors residing in the state of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
16. Applicants (other than ASBA Applicants) are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made;
17. All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form; and
18. Submit KYC documents in case you are applying for physical allotment.

**The RBI has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and non-CTS 2010 instruments in the three CTS grid locations.**

**SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011 stipulating the time between closure of the Issue and listing at 12 Working Days. In order to enable compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond 6 Working Days from the date of the closure of the Issue to avoid any delay in the timelines mentioned in the aforesaid SEBI Circular.**

**Don'ts:**

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest;
3. Do not send Application Forms by post; instead submit the same to the Lead Managers, sub-brokers, Trading Members of the Stock Exchanges or Designated Branches of the SCSBs, as the case may be;
4. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
5. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
6. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
7. Do not submit the Application Forms without the full Application Amount;
8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
9. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
10. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
11. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
12. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by persons resident outside india, NRI (*inter-alia* including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
13. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases; and
14. Do not make an application of the NCD on multiple copies taken of a single form.

**Additional Instructions Specific to ASBA Applicants**

**Do's:**

1. Check if you are eligible to Apply under ASBA;
2. Read all the instructions carefully and complete the Application Form;
3. Ensure that you tick the ASBA option in the Application Form and give the correct details of your ASBA Account including bank account number/ bank name and branch;
4. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Lead Managers or Trading Members of the Stock Exchanges at the Specified Cities, and not directly to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
5. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Lead Managers or Trading Members of the Stock Exchanges, ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
6. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.
7. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
8. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;
9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
10. Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchanges, as the case may be, for the submission of the Application Form.

**Don'ts:**

1. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
2. Do not submit the Application Form to the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities; and
4. Do not submit more than five Application Forms per ASBA Account.

**Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, to deposit such Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).**

Please refer to “*Rejection of Applications*” on page 253 of this Prospectus for information on rejection of Applications.

**TERMS OF PAYMENT**

The entire issue price for the NCDs is payable on Application only. In case of Allotment of lesser number of NCDs than the number applied, our Company shall refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

### **Payment mechanism for ASBA Applicants**

The ASBA Applicants shall specify the ASBA Account number in the Application Form.

For ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchanges at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchanges, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchanges. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

**ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.**

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **Escrow Mechanism for Applicants other than ASBA Applicants**

Our Company shall open an Escrow Account with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall draw the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the full Application Amount from Applicants would be deposited in the Escrow Account(s). All cheques/ bank drafts accompanying the Application should be crossed "A/c Payee only" for eligible Applicants must be made payable to the account i.e EHFL NCD Public Issue – Escrow Account. **Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.**

The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account into the Public Issue Account(s), as per the terms of the Escrow Agreement and this Prospectus.

The Escrow Collection Banks will act in terms of this Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of NCDs (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account(s) provided that our Company will have access to such funds only after receipt of minimum subscription as described in the Prospectus, receipt of final listing and trading approval

from the Stock Exchanges and execution of the Debenture Trust Deed and Memorandum of Hypothecation.

The balance amount after transfer to the Public Issue Account(s) shall be transferred to the Refund Account. Payments of refund to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Lead Managers, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft mechanism for the entire Application Amount as per the following terms:

1. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
2. The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application is liable to be rejected by the Escrow Collection Banks. Application Forms accompanied by cash, stockinvest, money order or postal order will not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn as “**ERFL NCD Public Issue – Escrow Account**”.
4. The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
5. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.
6. Payments should be made by cheque or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. Outstation cheques, post-dated cheques and cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/ money orders/ postal orders will not be accepted. Please note that cheques without the nine digit Magnetic Ink Character Recognition (“MICR”) code are liable to be rejected.
7. Applicants are advised to provide the Application Form number on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
8. Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.

#### **Payment by cash/ stockinvest/ money order**

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

#### **Payment mechanism for Direct Online Applicants**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and the Stock Exchanges has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchanges. Hence, the Direct Online Application facility will not be available for this Issue.*

#### **SUBMISSION OF COMPLETED APPLICATION FORMS**

| Mode of Submission of Application Forms | To whom the Application Form has to be submitted   |
|---|--|
| ASBA Applications                       | (i) If using <u>physical Application Form</u> , (a) to the Lead Managers or Trading Members of the Stock Exchanges only at the Specified Cities (“ <b>Syndicate ASBA</b> ”), or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or<br><br>(ii) If using <u>electronic Application Form</u> , to the SCSBs, electronically through internet banking facility, if available. |
| Non-ASBA Applications                   | The Lead Managers or Trading Members of the Stock Exchanges at the centres mentioned in the Application Form. Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications and Applicants are not permitted to make Applications for Allotment in physical form using ASBA Applications and Direct Online Applications.   |

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and the Stock Exchanges has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchanges. Hence, the Direct Online Application facility will not be available for this Issue.*

**No separate receipts will be issued for the Application Amount payable on submission of Application Form.**

However, the Lead Managers/ Trading Members of Stock Exchanges will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Lead Managers or Trading Members of the Stock Exchanges only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on the Issue programme and timings for submission of Application Forms, please refer to “*Issue Structure*” on page 210 of this Prospectus.

**Applicants other than ASBA Applicants are advised not to submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.**

**Electronic Registration of Applications**

- (a) The Lead Managers, Trading Members of the Stock Exchanges and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchanges. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. **The Lead Managers, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted both uploaded and/or not uploaded by the Trading Members of the Stock Exchanges.**

In case of apparent data entry error by the Lead Managers, Trading Members of the Stock Exchanges, Escrow Collection Banks or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the



Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchanges. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchanges in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Lead Managers, Trading Members of the Stock Exchanges and the SCSBs during the Issue Period. The Lead Managers and Trading Members of the Stock Exchanges can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Lead Managers, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Lead Managers, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “*Issue Structure*” on page 210 of this Prospectus.
- (c) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Lead Managers, or Trading Members of the Stock Exchanges shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID (not applicable to Applications for Allotment of NCDs in physical form)
  - Client ID (not applicable to Applications for Allotment of NCDs in physical form)
  - Number of NCDs applied for
  - Price per NCD
  - Application amount
  - Cheque number
- (d) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Number of NCDs applied for
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Bank account number
  - Application amount
- (e) With respect to ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchanges only at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID

- Client ID
  - Number of NCDs applied for
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Location of Specified City
  - Application amount
- (f) A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Lead Managers, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Lead Managers, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**
- (g) Applications can be rejected on the technical grounds listed on page 253 of this Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- (h) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.
- (i) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The Lead Managers, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured is accurate the Lead Managers, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

## REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any committee of our Company 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 thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- (i) Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- (ii) Application Amount paid being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- (iii) Applications where a registered address in India is not provided for the Applicant;
- (iv) In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However a limited liability partnership firm can apply in its own name;

- (v) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, except bids by minors (applying through the guardian) having valid demat account as per demographic details provided by the Depository Participants;
- (vi) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (vii) PAN not mentioned in the Application Form, except for Applications by or on behalf of the central or state government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- (viii) DP ID and Client ID not mentioned in the Application Form (except in case Applicant has applied for Allotment of NCDs in the physical form);
- (ix) GIR number furnished instead of PAN;
- (x) Applications by OCBs;
- (xi) Applications for an amount below the minimum application size;
- (xii) Submission of more than five ASBA Forms per ASBA Account;
- (xiii) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (xiv) In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- (xv) Applications accompanied by stockinvest/ money order/ postal order/ cash;
- (xvi) Signature of sole Applicant missing or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (xvii) Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- (xviii) Date of birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- (xix) ASBA Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
- (xx) Application Forms submitted to the Lead Managers, or Trading Members of the Stock Exchanges does not bear the stamp of the relevant Lead Manager or Trading Member of the Stock Exchanges, as the case may be. ASBA Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Lead Managers, or Trading Members of the Stock Exchanges, as the case may be;
- (xxi) ASBA Applications not having details of the ASBA Account to be blocked;
- (xxii) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- (xxiii) With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- (xxiv) SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- (xxv) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

- (xxvi) Applications where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- (xxvii) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (xxviii) Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- (xxix) Applications by any person outside India;
- (xxx) Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- (xxxi) Applications not uploaded on the online platform of the Stock Exchanges;
- (xxxii) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- (xxxiii) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Prospectus and as per the instructions in the Application Form, the Prospectus and the Prospectus;
- (xxxiv) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (xxxv) Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchanges, are not as per the records of the Depositories;
- (xxxvi) ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchanges at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- (xxxvii) Applications tendered to the Trading Members of the Stock Exchanges at centers other than the centers mentioned in the Application Form;
- (xxxviii) Category not ticked; and/or
- (xxxix) Application Form accompanied with more than one cheque.
- (xl) In case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.
- (xli) Forms not uploaded on the electronic software of the Stock Exchanges.
- (xlii) ASBA Application submitted directly to escrow banks who aren't SCSBs.
- (xlili) Payment made through non CTS cheques.

**Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).**

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please refer to “**Information for Applicants**” on page 255 of this Prospectus.

### **Information for Applicants**

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our

Company, in consultation with the Designated Stock Exchanges, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Lead Managers, and Trading Members of the Stock Exchanges at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchanges, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchanges, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application. Applicants can contact our Company Secretary & Compliance Officer/Lead Managers or the Registrar to the Issue in case of any pre-Issue related problems. In case of Post-Issue related problems such as non- receipt of Allotment Advice / credit of NCDs in depository's beneficiary account / refund orders, etc. applicants may contact our Company Secretary & Compliance Officer or Registrar. Please note that Applicants who have applied for the NCDs through Trading Members should contact the Stock Exchanges in case of any Post- Issue related problems, such as non-receipt of Allotment Advice / credit of NCDs in depository's beneficiary account/ refund orders, etc.

## **BASIS OF ALLOTMENT**

### **Allocation Ratio**

**The registrar will aggregate the applications based on the applications received through an electronic book from the Stock Exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:**

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

- (a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, ("**Institutional Portion**");
- (b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, ("**Non-Institutional Portion**");
- (c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, ("**HNI Portion**"); and
- (d) Applications received from Category IV applicants: Applications received from Category IV, shall be grouped together, ("**Retail Individual Portion**").

For removal of doubt, “*Institutional Portion*”, “*Non-Institutional Portion*”, “*HNI Portion*” and “*Retail Individual Portion*” are individually referred to as “*Portion*” and collectively referred to as “*Portions*”.

#### Allocation Ratio

| Category I                    | Category II                   | Category III                  | Category IV                   |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 20% of the Overall Issue Size | 10% of the Overall Issue Size | 20% of the Overall Issue Size | 50% of the Overall Issue Size |

#### Basis of Allotment for NCDs

(a) Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 20% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Lead Manager and their respective Affiliates/SCSB (Designated Branch or online acknowledgement));
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 10% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 20% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iv) Applicants belonging to the Category IV, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement)).

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of upload of each application in to the electronic book with Stock Exchanges, in each portion subject to the allocation ratio.

Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of circular (No. CIR./IMD/DF-1/20/2012) dated July 27, 2012 to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application. In the event of, and on the date of oversubscription, however, allotments in public issues of debt securities is to be made on a proportionate basis.

(b) Under subscription:

Under subscription, if any, in any portion, priority in allotments will be given in the following order:

- (i) Retail Individual Portion
- (ii) HNI Portion
- (iii) Non-Institutional Portion; and
- (iv) Institutional Portion

on a first come first serve basis.

Within each portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges. For each portion, all applications uploaded in to the electronic book with Stock Exchanges would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.

Minimum allotments of one (1) NCDs and in multiples of one (1) NCD thereafter would be made in case of each valid application.

(c) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the valid applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchanges platform, in each portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis.

In view of the same, the Investors are advised to refer to the BSE and NSE website at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) for details in respect of subscription. For further details on “*Issue Structure*” please refer to page 210 of the Prospectus.

However for the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application and re-categorised based on their total application amount. This re- categorization of investor categories may result in proportionate allotment on the date of oversubscription in the respective categories. Pursuant to recategorization, each of the applications (based on the date of upload of each Application into the electronic book with Stock Exchanges, in each Category) made by the applicant, will compete for allocation with other applications made by the applicants in that respective category on that respective date.

(d) Proportionate Allotments: For each portion, on the date of oversubscription:

- (i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- (iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(e) Applicant applying for more than one Series of NCDs:

If an applicant has applied for more than one series of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such applications received on the date of oversubscription, the series-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each series, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would allot Series IV NCDs to all valid applications, wherein the applicants have not indicated their choice of the relevant series of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

### **Retention of oversubscription**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 2,500 million. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the “*Overall Issue Size*”.

### **PAYMENT OF REFUNDS**

#### ***Refunds for Applicants other than ASBA Applicants***

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/ give instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/ Allotment of NCDs.

The Registrar to the Issue will obtain from the Depositories the Applicant’s bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds.

For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be given to the clearing system within 12 Working Days from the Issue Closing Date. A suitable communication shall be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses of Applicants, as per the Demographic Details received from the Depositories.

The Demographic Details would be used for mailing of the physical refund orders, as applicable.

#### ***Mode of making refunds for Applicants other than ASBA Applicants***

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
2. **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payments of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or



RTGS.

3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹0.2 million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (IFSC). Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available 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 Applicants have registered their nine digit MICR number and their bank account number 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 Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

#### ***Mode of making refunds for ASBA Applicants***

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

#### **ISSUANCE OF ALLOTMENT ADVICE**

With respect to Applicants other than ASBA Applicants, our Company shall (i) ensure dispatch of Allotment Advice/ intimation within 12 Working Days of the Issue Closing Date, and (ii) give instructions for credit of NCDs to the beneficiary account with Depository Participants, for successful Applicants who have been allotted NCDs in dematerialized form, within 12 Working Days of the Issue Closing Date. The Allotment Advice for successful Applicants who have been allotted NCDs in dematerialized form will be mailed to their addresses as per the Demographic Details received from the Depositories.

With respect to the ASBA Applicants, our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants within 12 Working Days of the Issue Closing Date. The Allotment Advice for successful ASBA Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 12 Working Days from the Issue Closing Date.

Allotment Advices shall be issued or Application Amount shall be refunded within fifteen days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen percent per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

#### **OTHER INFORMATION**

## **Withdrawal of Applications during the Issue Period**

### *Withdrawal of ASBA Applications*

ASBA Applicants can withdraw their ASBA Applications during the Issue Period by submitting a request for the same to Lead Manager, Trading Member of the Stock Exchanges or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchanges at the Specified Cities, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchanges, as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the ASBA Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges and unblocking of the funds in the ASBA Account directly.

### *Withdrawal of non-ASBA Applications (other than Direct Online Applications)*

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to Lead Manager, or Trading Member of the Stock Exchanges, as the case may be, through whom the Application had been placed. Upon receipt of the request for withdrawal from the Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchanges, as the case may be, shall do the requisite, including deletion of details of the withdrawn non-ASBA Application Form from the electronic system of the Stock Exchanges.

## **Withdrawal of Applications after the Issue Period**

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

## **Early Closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Closing Date, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue Size i.e. ₹1,875 million. Our Company shall allot NCDs with respect to the Applications received at the time of such early closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

## **Revision of Applications**

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE and NSE, cancellation of one or more orders within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange(s), by submitting a written request to the Lead Managers/ Trading Members of the Stock Exchanges/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchanges, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Lead Managers, Trading

Members of the Stock Exchanges and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

### **Depository Arrangements**

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, the NCDs issued by us can be held in a dematerialized form.

In this context:

- (i) Agreement dated February 15, 2018 between us, the Registrar to the Issue and NSDL, and February 15, 2018, between us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.
- (vii) Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (viii) The trading of the NCDs on the floor of the Stock Exchanges shall be in dematerialized form only.

Please also refer to "*Instructions for filling up the Application Form - Applicant's Beneficiary Account and Bank Account Details*" on page 243 of this Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

**PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.**

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

### **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Lead Manager, Trading Member of the Stock Exchanges or Designated Branch, as the case may be, where the Application was submitted, and cheque/ draft number and issuing bank thereof or with respect to ASBA Applications, ASBA Account number in which the amount equivalent to the Application Amount was

blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Applicants may contact our Compliance Officer (and Company Secretary) or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on application amount or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchanges.

### **Interest in case of Delay**

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

### **Undertaking by the Issuer**

*Statement by the Board:*

- (a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed and Memorandum of Hypothecation as stated in this Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchanges.
- (f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

### *Other Undertakings by our Company*

Our Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 12 Working Days of the Issue Closing Date;
- (d) Funds required for dispatch of refund orders/Allotment Advice/NCD Certificates will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the

Statutory Auditor, to the Debenture Trustee;

- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Prospectus.
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

## **SECTION VIII- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY**

*The main provisions of the Articles of Association relating to the issue and allotment of debentures and matters incidental thereto have been set out below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association. All defined terms used in this section have the meaning given to them in the Articles of Association. Any reference to the term "Article" hereunder means the corresponding article contained in the Articles of Association.*

### **INTERPRETATION**

1. The Regulations for the Management of the Company and observation by the members thereof and their representatives shall be those as contained in these Articles and the regulations contained in Table A of Schedule I to the Companies Act, 1956 (hereinafter as the Companies Act or the Act), as far as applicable to a Public Company, except in regard to matters contained in these Articles which shall have the effect of excluding such regulations of Table A of Schedule I as are inconsistent with Articles herein below contained.

### **SHARES**

2.
  - (a) Authorized Share Capital of the Company will be as may be specified under clause V of the Memorandum of Association of the Company.
  - (b) The paid up capital of the Company shall be minimum of ₹ 5,00,000/-.
  - (c) The shares shall be under the control of the Director who may issue, allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Directors think fit and with full power to give to any person the option to call for any shares either at par or at a premium and for such consideration as the Directors think fit. The Directors shall have the absolute power to divide the shares in the original or any increased capital into different classes and attach thereto at their discretionary preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.
  - (d) The Company shall not charge any fee for registration of transfer of shares, splitting of share certificate, issue of duplicate share certificates or for similar matters, except reimbursement of expenses, as may be decided by the Board of Directors.
  - (e) The Company in general meeting may from time to time increase the capital by the creation of new share of such amount as may be deemed expedient.
  - (f) The Company in general meeting may:
    - (i) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
    - (ii) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by memorandum so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;
    - (iii) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
    - (iv) convert all or any of its fully paid shares into stock and re-convert that stock fully paid up shares of any denomination.

### **FURTHER ISSUE OF SHARES**

3. Subject to the provisions of Section 81 of the Companies Act, 1956 and other applicable provisions, where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
  - (a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
  - (b) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted will be deemed to have been declined.
  - (c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT, the Directors may decline, without assigning any reason to allot any shares to any person in whose favor any member may renounce the shares offered to him.
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.
4. Notwithstanding anything contained in clause 18 thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (18) hereof) in any manner whatsoever.
  - (a) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.
5. Nothing in sub-clause (c) of clause 18 hereof shall be deemed:
  - (a) to extend the time within which the offer should be accepted; or
  - (b) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
6. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
  - (a) to convert such debentures or loans into shares in the Company; or
  - (b) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf: and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

#### **EMPLOYEE STOCK OPTIONS/STOCK PURCHASE**

- 7. Subject to the provisions of Section 81 of the Act and other applicable law, the Company may issue options to the whole-time directors, officers or employees of the Company, its subsidiaries or its parent, which would give such directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the securities offered by the Company at a pre-determined price, in term of schemes of employee stock options or employees share purchase or both.

#### **INCREASE AND REDUCTION OF CAPITAL**

- 8. The Company in General Meeting may, from time to time, by ordinary resolution increase the share capital of the Company by the creation of new shares by such sum, to be divided into shares of such amount as may be deemed expedient.
- 9. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company when issued, the new shares may be issued upon such terms and conditions and with such preferential, qualified or such rights and privileges or conditions thereto as general meeting resolving upon the creation thereof shall direct. If no direction be given, the Board shall determine in particular the manner in which such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.
- 10. Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the shares be offered in the first instance and whether at par or premium or at a discount. In case no such provision is made by the Company in General Meeting, the new shares may be dealt with according to the provisions of these Articles.
- 11. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing capital of Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise.
- 12. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty arising in the allotment of such new shares or any of them amongst the members shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.
- 13. Subject to the provisions of sections 100 to 103 of the Act, the Company may, from time to time in any manner, by special resolution and subject to any consent required under sections 100 to 103 of the Act, reduce:
  - (a) its share capital;
  - (b) any capital redemption reserve; or
  - (c) any share premium account.
- 14. Subject to provisions of sections 100 to 105 of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.



## **SHARE CERTIFICATES**

15. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up there on and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Nothing contained herein shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

16. The certificate of shares registered in the name of two or more persons shall be delivered to the person first named in the Register.
17. If any certificate be worn out, defaced, mutilated or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an & new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the each thereof for endorsement of transfer.

Provided that notwithstanding what is slated above the Board shall comply with such Rules or Regulation or requirement of any stock exchange or the Rules made under the Securities Contract Regulations Act, 1956 or the Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

18. If the securities of the Company are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities.

## **TRANSFER OF SHARES**

19. Any member who intends to transfer shares (hereinafter called the "Vendor") shall give notice in writing to the Board of his intention. That notice shall constitute the Board, his agent for the sale of the said shares at a price to be agreed upon the Vendor and the Board or in the event of disagreement at a price which the Auditors of the Company for the time being shall certify in writing, to be the fair value thereof as between a Vendor and the purchaser. In certifying the fair value, the Auditors shall be acting as an expert and not as an arbitrator and accordingly the Indian Arbitration Act, 1949; shall not apply.
20. Upon the price being settled as aforesaid, the Managing Director of Directors who are attending the duties of the Company shall in the first instance be entitled to purchase the said shares or any part thereof, as aforesaid, the Board shall give notice to all members of the Company of the number and price of the shares to be sold and invite each of them to state in writing within 28 days from the date of the said notice whether he is willing to purchase any, if so what maximum number of the said shares.
21. At the expiration of 28 days, the Board shall allocate the said shares to or amongst the member or members who has/have expressed his or their willingness to purchase and if more than one, so far as may be possible

prorate according to the number of shares already held by them respectively. Upon such allocation being made, vendor shall be bound on payment of the said price to transfer the shares to the purchaser or purchasers and if he makes default in so doing the Board may receive and give a good discharge for the purchase money on behalf of the Vendor and enter the name of the purchaser in the Register of Members as holder of the said shares purchased by him.

#### **SHARES AT THE DISPOSAL OF DIRECTORS**

22. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares. Provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in a General Meeting.

#### **NOMINATION**

23. Subject to provisions of Section 109A of the Act, every holder of shares in, or holder of debentures of, a Company may, at any time, nominate, in the prescribed manner a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.

#### **TERM OF ISSUE OF DEBENTURE**

24. Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

#### **DIRECTORS**

25. Subject to the provisions of Section 252 of the Companies Act, 1956, unless otherwise determined by the Company in the General Meeting, the number of Directors shall not be less than three and more than twelve.
26. The Share qualification for a Director may be fixed by the Company in General Meeting, and unless and until so fixed, no share qualification shall be required.
27. The First Directors of the Company shall be:
- (a) Mr. Pradeep Churiwal; and
  - (b) Mr. Dilip Churiwal
28. None of the Directors shall be liable to retire by rotation, notwithstanding the provisions of Section 256 of the Act, which shall not be applied.
29. The Board shall have power at any time and from time to time, to appoint any other person to be a Director, either to fill a casual vacancy, or as addition to the Board, subject to Article 3 above.
30. The Directors may appoint from time to time subject to the provisions of the Act, one of them as Managing Director on such remuneration, terms and conditions as they may think fit and proper and remove him and appoint some other Director in his place as Managing Director if the Directors in their meeting so desire.

#### **APPOINTMENT AND RETIREMENT OF DIRECTORS**

31. Edelcap Securities Limited shall have the power to appoint the majority of Directors on the Board of Directors of the Company and to control the management and policy decisions of the Company.

### **BORROWING POWERS**

32. The Board may from time to time subject to the sections 58A, 292 and 293 of the Act, at their discretion raise or borrow any sum or sums of money for the purpose of the Company and subject to the applicable provisions of the Act may secure payment or repayment of same in such manner and upon such terms and conditions in all respect as may be prescribed by the Board, in particular by the creation of any mortgage *or charge or other encumbrances on any of the immovable properties of the Company* or hypothecation, pledge or charge on and over the Company's stocks, book debts and other movable properties.
33. The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property (both movable and immovable) of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of any particular class or classes of business.
34. If any uncalled capital is included in or charged by any mortgage of other security, the Directors may, by instrument under the Seal authorize the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the member in respect of such uncalled capital, and the provisions herein before contained in regard to calls shall, mutatis mutandis apply to calls, made under such authority and may be made exercisable either conditionally and either presently or contingently and either, to the exclusion of the Director's powers or otherwise, and shall be assignable if expressed so to do.
35. Any debenture-stock or other securities may be issued at a discount premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges such as warrants etc. and conditions as to redemption, surrender, drawing, allotment of shares, attending at General Meeting, appointment of Directors and otherwise. The power to issue debenture stock or other securities with a right to allotment of or conversion into shares of any denomination shall only be exercised by the Company in the General Meeting.
36. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the debentures.
37. If the Board refuses to register the transfer of any debentures of the Company, it shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
38. Subject to section 201 of the Act, if any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security cover for effecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or any person so becoming liable, as aforesaid, from any loss in respect of such liability.
39. Subject to Section-58A, 292 and 293 of the Act and the Companies (Acceptance of Deposits) Rules, 1975 the Company may receive deposits on such terms and conditions and bearing interest at such rates as the Board may decide and fix and which may be made payable monthly, quarterly, half yearly or yearly.
40. The Company may subject to the provisions of Section 208 of the Act, pay interest on so much of the share capital as is for the time being paid up and was issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period.

41. Debentures/debenture stock, loan/loan stock, bonds or other securities conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

#### **GENERAL MEETING**

- 42.
- (a) The Board may call any of the General Meeting of the Company by giving a shorter notice, as short as it thinks fit, without accordingly the consent of the members not withstanding Section 171 of the Act.
  - (b) The Chairman of the Board shall be Chairman of the General Meetings. In his absence any Director present shall be the Chairman of the meeting. The Chairman of the meeting shall have a casting vote in addition to the vote, which he may be entitled as a member.
  - (c) Two members present in person or proxy shall be quorum for the General Meeting.
43. No explanatory statement will be required to be annexed to any notice of any General Meeting of the Company regarding any items of business to be transacted at such meetings, even though such business may be deemed special within the meaning of Section 173 of the Act.
44. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the Director's and Auditor's thereon, to elect Directors in place of those retiring by rotation, to appoint auditors and fix their remuneration and to declare dividend. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
45. Every question submitted to a meeting, shall be decided in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.
- 46.
- (1) The Chairman of an Annual General Meeting, with the consent of the meeting may adjourn the same from time to time and from place to place. It is at the sole discretion of the Chairman to adjourn a meeting when it is impossible, by reason of disorder or other like cause to conduct the meeting and complete its business but no business shall be transacted at any adjourned meeting other than the meeting from which the adjournment took place.
  - (2) When a meeting is adjourned it shall not be necessary to give by notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **POSTAL BALLOT**

47. The Company may, and in case of resolutions relating to such business as the Central Government may by notification, declare to be conducted only by Postal Ballot shall, get any Resolution passed by means of Postal Ballot, instead of transacting business in General Meeting of the Company.

Where a Company decides to pass any Resolution by resorting to Postal Ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons thereof, and requesting them to send their assent or dissent in writing on a Postal Ballot within a period of 30 days or within such period as may be prescribed, from the date of posting the letter. The notice shall be sent by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf and shall include with such notice, a postage pre-paid envelope for facilitating the communication of the Assent or Dissent of the shareholder to the resolution within the said period. If a resolution is assented to by a requisite majority of the shareholders by means of Postal Ballot it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

48. A Resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum for the meeting of the Board or Committee, as the case may be), and to all other Directors and

Members of the Committee at their usual address in India and has been approved by such Directors or Members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

### **MEETING OF THE BOARD**

49. The Directors may meet together for dispatch of the business, adjourn or otherwise regulate their meetings as they think fit, subject to the provisions of Section 285 of the Act.
50. Pursuant to the Companies Act, 1956 or any other applicable laws or as may be prescribed by Central Government, the non-executive Directors may be paid fee for each meeting of Board or a committee thereof, attended by him, as may be determined by the Board of Directors from time to time. The Directors may also be paid traveling and other expenses for attending and returning from meeting of the Board and other expenses incurred by them in connection with the business of the Company. The Directors may also be remunerated for any extra services done by them, outside their ordinary duties as Directors.

### **COMMON SEAL**

51. The Company shall have a Common Seal and the Board shall provide for safe custody thereof. The Seal shall be applied to any instrument, in the presence of any one Director or such other person as the Board may appoint for the purpose and such Director or other person aforesaid shall sign every instrument to which the Seal of the Company is so affixed in his presence.

### **OTHER PROVISIONS**

52. Subject to Section 201 of the Act, every Officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 623 of the Act in which relief is granted to him by the Court.

### **DEMATERIALIZATION OF SECURITIES**

#### 53. Definitions

1) For the purpose of this Article:-

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Security" means such security as may be specified by SEBI.

#### Dematerialisation of Securities

(2) notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

#### Options for Investors

(3) every person subscribing the securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the

law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issued to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form

(4) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153,153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Right of depositories and Beneficial owners

(5)(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository and the registered owner of the securities shall not have any voting. rights for any other rights in respect of the securities held by it.

(c)Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member to the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Service of Documents

(6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

(7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in Depository

(8) Notwithstanding anything in the Act or these Articles, where securities are dealt with a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of securities held in a Depository

(9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register Index beneficial owners

(10) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

#### **BUY BACK OF SHARES**

54. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as required by law.

#### **RECONSTRUCTION**

55. On any sale of the whole or any part of the undertaking of the Company, the Board or the Liquidators on a winding up may, if authorized by special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other Company, whether incorporated in India or not either then existing or to be formed for the purchase in the whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in winding up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the member, contributors of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall subject to the provisions of Section 395 of the Act be bound to accept as shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto save only in case the Company is proposed to be or is in course of being wound up and subject to the provisions of Section 494 of the Act as are incapable of being varied or excluded by these Articles.

#### **SECRECY CLAUSE**

56. Subject to the provisions of the Act, every Director, Manager, Auditor, trustee, Member of the Committee, Officer, servant, agent, accountant or other person employed in the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with the customers and the state of account with individuals and in matter relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
57. No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or subject to Article 195 require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will not be in the interest of the Company to communicate.

## SECTION IX- MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered and Corporate Office of our Company situated at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098, Maharashtra, India between 11:00 hours to 17:00 hours on any Working Day (Monday to Friday) during which issue is open for public subscription under the Prospectus.

### MATERIAL CONTRACTS

1. Issue Agreement dated February 14, 2018 between our Company and the Lead Managers.
2. Debenture Trustee Agreement dated February 14, 2018 executed between our Company and the Debenture Trustee.
3. Escrow Agreement dated February 26, 2018 between our Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
4. Registrar Agreement dated February 14, 2018 between our Company and the Registrar.
5. Lead Broker Agreement dated February 23, 2018 entered between our Company, Lead Managers and Lead Brokers to the Issue.
6. Tripartite agreement dated February 15, 2018 among our Company, the Registrar and CDSL.
7. Tripartite agreement dated February 15, 2018 among our Company, the Registrar and NSDL.
8. Draft Debenture Trust Deed and the draft Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Certificate of Incorporation of our Company dated January 06, 2014, issued by Registrar of Companies, Maharashtra at Mumbai.
3. Certificate of Registration as an NBFC dated January 04, 2017 issued by Reserve Bank of India u/s 45IA of the Reserve Bank of India Act, 1934.
4. Copy of shareholders resolution dated January 22, 2018, under section 180(1)(a) and section 180 (1)(c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.
5. Copy of the resolution by the Board of Directors dated January 22, 2018, approving the issue of NCDs.
6. Copy of the resolution passed by the Securities IPO Committee at its meeting held on February 16, 2018 approving the Draft Prospectus.
7. Copy of the resolution passed by the Securities IPO Committee at its meeting held on February 27, 2018 approving the Prospectus.
8. Consents of the Directors, our Company Secretary and Compliance Officer, Lead Managers, Legal Advisor to the Issue, Bankers to the Issue, Registrar to the Issue, the Debenture Trustee for the NCDs, Credit Rating Agencies, Chief Financial Officer, Lenders to our Company, Lead Brokers, Statutory Auditors and CRISIL for "*CRISIL Research – Assessment of various financial products dated February 2018*" to include their names in this Prospectus, in their respective capacities.
9. Our Company has received written consent from the Statutory Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants dated February 16, 2018 to include its name as an expert under Section 26 of the Companies Act, 2013 in the Draft Prospectus in relation to the reports of the Statutory Auditors dated February 16, 2018, on the Reformatted Financial Information of our Company and the Unaudited Condensed Interim Financial Statements of the our Company, included in the Draft Prospectus and such consent has not been withdrawn up to the time of delivery of the Draft Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in the Draft Prospectus and



Prospectus only in accordance with the requirements of the Companies Act, 2013 and solely in the context of this Issue.

10. Our Company has received written consent from the Statutory Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants dated February 27, 2018 to include its name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus in relation to the reports of the Statutory Auditors dated February 16, 2018, on the Reformatted Financial Information of our Company and the Unaudited Condensed Interim Financial Statements of the our Company, included in this Prospectus and such consent has not been withdrawn up to the time of delivery of this Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in the Draft Prospectus and Prospectus only in accordance with the requirements of the Companies Act, 2013 and solely in the context of this Issue.
11. The consents of the independent chartered accountant of our Company, namely M/s NGS & Co. LLP, Chartered Accountants, for statement of tax benefits dated February 16, 2018.
12. Statement of tax benefits dated February 16, 2018 issued by independent chartered accountant of our Company, namely M/s NGS & Co. LLP, Chartered Accountants.
13. Annual Report of our Company for the last five Fiscals.
14. Credit Rating letter dated February 5, 2018 and revalidated letter dated February 23, 2018 from CRISIL in relation to this Issue.
15. Credit Rating letter dated February 2, 2018 and revalidated letter dated February 19, 2018 from ICRA in relation to this Issue.
16. In-principle listing approval from BSE and NSE by their letter no. DCS/BM/PI-BOND/6/17-18 dated February 26, 2018 and letter no. NSE/LIST/38418 dated February 26, 2018 respectively.
17. Due Diligence Certificate dated February 27, 2018 filed by the Lead Managers with SEBI.

**Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the NCD Holders, in the interest of our Company in compliance with applicable laws.**

## DECLARATION

We, the Directors of the Company, hereby certify and declare that all the relevant provisions of the Companies Act and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Issue have been complied with and no statement made in Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Prospectus.

We further certify that all the disclosures and statements in this Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

**Signed by the Directors of our Company**

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**Anil Kothuri**  
*(Director)*

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**Krishnaswamy Siddharth**  
*(Director)*

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**Shalinee Mimani**  
*(Director)*

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**Mitul Bhagvandas Shah**  
*(Independent Director)*

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**Sanjay Nathalal Shah**  
*(Independent Director)*

Date: February 27, 2018  
Place: Mumbai

## **ANNEXURE A – CREDIT RATING AND RATIONALE**

Please refer the next page for the credit rating and rationale.

The remainder of the page has been intentionally left blank.

CONFIDENTIAL

EDREFL/192918/NCD/020518/2  
February 23, 2018

**Mr. Nilesh Sampat**  
**Edelweiss Retail Finance Limited**  
Edelweiss House, 11<sup>th</sup> Floor  
Off C.S.T. Road,  
Kalina  
Mumbai 400098

Dear Mr. Nilesh Sampat,

**Re: CRISIL Rating for the Rs.500 Crore Non-Convertible Debenture\* of Edelweiss Retail Finance Limited**

All ratings assigned by CRISIL are kept under continuous surveillance and review.  
Please refer to our rating letter dated February 05, 2018 bearing Ref. no.: EDREFL/192918/NCD/020518

Please find in the table below the rating outstanding for your company.

| S.No. | Instrument                 | Rated Amount (Rs. in Crore) | Rating Outstanding |
|-------|----------------------------|-----------------------------|--------------------|
| 1     | Non-Convertible Debentures | 500                         | CRISIL AA/Stable   |

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

*Rama Patel*

Rama Patel  
Director - CRISIL Ratings

*Nivedita Shibu*

Nivedita Shibu  
Associate Director - CRISIL Ratings



\*public issue of retail NCDs

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, [www.crisil.com](http://www.crisil.com). For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

**CRISIL Limited**

Corporate Identity Number: L67120MH1987PLC042363

CONFIDENTIAL

EDREFL/192918/NCD/020518  
February 05, 2018

Mr. Nilesh Sampat  
Edelweiss Retail Finance Limited  
Edelweiss House, 11<sup>th</sup> Floor  
Off C.S.T. Road,  
Kalina  
Mumbai 400098

Dear Mr. Nilesh Sampat,

**Re: CRISIL Rating for the Rs.500 Crore Non-Convertible Debenture\* of Edelweiss Retail Finance Limited**

We refer to your request for a rating for the captioned Debt instrument.

CRISIL has, after due consideration, assigned a "CRISIL AA/Stable" (pronounced "CRISIL double A rating with stable outlook") rating to the captioned Debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Rama Patel  
Director - CRISIL Ratings



Nivedita Shibu  
Associate Director - CRISIL Ratings



*\*public issue of retail NCDs*

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**Classification: EXTERNAL**

Corporate Identity Number: L67120MH1987PLC042363

**Details of the Rs.500 Crore Non-Convertible Debenture of  
Edelweiss Retail Finance Limited**

|                                      | 1st tranche |        | 2nd tranche |        | 3rd tranche |        |
|--------------------------------------|-------------|--------|-------------|--------|-------------|--------|
| <i>Instrument Series:</i>            |             |        |             |        |             |        |
| <i>Amount Placed:</i>                |             |        |             |        |             |        |
| <i>Maturity Period:</i>              |             |        |             |        |             |        |
| <i>Put or Call Options (if any):</i> |             |        |             |        |             |        |
| <i>Coupon Rate:</i>                  |             |        |             |        |             |        |
| <i>Interest Payment Dates:</i>       |             |        |             |        |             |        |
| <i>Principal Repayment Details:</i>  | Date        | Amount | Date        | Amount | Date        | Amount |
|                                      |             |        |             |        |             |        |
| <i>Investors:</i>                    |             |        |             |        |             |        |
| <i>Trustees:</i>                     |             |        |             |        |             |        |

***In case there is an offer document for the captioned Debt issue, please send us a copy of it.***

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**CRISIL Rating: EXTERNAL**

Corporate Identity Number: L67120MH1987PLC042363

## Rating Rationale

February 05, 2018 | Mumbai

## Edelweiss Retail Finance Limited

'CRISIL AA/Stable' assigned to NCD

## Rating Action

|                                  |                               |
|----------------------------------|-------------------------------|
| Total Bank Loan Facilities Rated | Rs.500 Crore                  |
| Long Term Rating                 | CRISIL AA/Stable (Reaffirmed) |

|   |                               |
|---|-------------------------------|
| Rs.500 Crore Non-Convertible Debenture                    | CRISIL AA/Stable (Assigned)   |
| Rs.500 Crore Non-Convertible Debenture                    | CRISIL AA/Stable (Reaffirmed) |
| Rs.100 Crore Subordinated Debt                            | CRISIL AA/Stable (Reaffirmed) |
| Rs.200 Crore Subordinated Debt                            | CRISIL AA/Stable (Reaffirmed) |
| Rs.500 Crore Short Term Debt (Including Commercial Paper) | CRISIL A1+ (Reaffirmed)       |

1 crore = 10 million

Refer to annexure for Details of Instruments &amp; Bank Facilities

## Detailed Rationale

CRISIL has assigned its '**CRISIL AA/Stable**' rating to the Rs 500 crore non-convertible debentures of Edelweiss Retail Finance Ltd. (ERFL). CRISIL has also reaffirmed its rating on the existing debt instruments and bank facilities at '**CRISIL AA/Stable/CRISIL A1+**'.

On December 20, 2017, Edelweiss announced the acquisition of Religare's securities business which includes pan-India distribution of around 1,250 points of presence including over 90 branches, over 1 million clients and the employees of Religare's business. The acquisition will be a slump sale of select assets entailing a payout of around ~Rs 250 crore. Edelweiss also raised around Rs 1528 crores through a QIP issue in November, 2017.

The ratings continue to reflect CRISIL's expectation of sustained diversification in the Edelweiss group's business and earnings profile over the medium term, and the group's demonstrated ability to build significant competitive positions in multiple lines of business. Furthermore, given the group's established market position in capital market-related segments, it will continue to benefit from the improved operating environment for these businesses, resulting in higher earnings and accruals to capital over the medium term. The rating also reflects the Edelweiss group's comfortable liquidity.

These rating strengths are partially offset by the vulnerability of the group's asset quality to the inherent concentration risks in the wholesale lending segment. Furthermore, the group's gearing, although being lower than CRISIL's expectations, is higher than its peers. Also, its profitability ratios are lower than those of its peers.

## Analytical Approach

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of all entities in the Edelweiss group because of their significant operational and financial integration.

## Key Rating Drivers &amp; Detailed Description

## Strengths

**\* Diversified business profile:** The Edelweiss group has been diversifying within each of its key businesses, as well as entering new businesses, over the past few years. Many of these have now attained reasonable scale and are expected to lend greater stability to the group's earnings profile. Within capital markets, retail broking volumes now constitute around half the group's overall broking volumes. In the commodities business, agricultural commodities became a focus area in fiscals 2015 and 2016 with the group rapidly scaling up the business. The current focus is on building the agri value chain business. In terms of new business lines, the group's life insurance business has grown significantly and is expected to break-even over the next five to six years. As the group's retail and SME businesses expand and life insurance business turns profitable, the revenue contribution from the retail segments is expected to increase.

**\* Demonstrated ability to build significant competitive positions across businesses:** The Edelweiss group has built significant competitive positions in multiple business segments. While it remains a large player in the traditional broking business, it has one of the largest wholesale lending books among non-banks; this portfolio stood at Rs 16,732 crore as on

December 31, 2017 (Rs 13,875 crore as on March 31, 2017; excluding capital deployed in distressed assets credit). In the distressed assets segment, Edelweiss Asset Reconstruction Company (EARC), remains the largest ARC in the country with total securities receipts managed of Rs 44,200 crore as on December 31, 2017 (Rs 38,278 crore as on March 31, 2017). EARC became a subsidiary of the Edelweiss Group in the second quarter of fiscal 2017 and the group holds 74.8% stake in this company as on date. However, the group has scaled down its agricultural commodities and precious metals trading business and is focusing on the agricultural commodities value chain business.

**\* Established position in the capital market businesses:** The group's earnings and accrual to capital are expected to benefit from the buoyancy in the capital markets over the medium term, given the group's established market position in related businesses. Profit from the fee-based capital markets and asset management businesses increased in fiscal 2016 compared with fiscal 2015, and is expected to witness healthy growth over the medium term. The group has an established franchise in institutional broking and investment banking, and an expanding presence in retail broking, wealth management, and asset management. It is also one of the largest Indian institutional brokerage houses, with over 300 foreign and domestic institutional clients. The retail broking franchise is also expanding, with more than 5,07,000 unique clients as on December 31, 2017. The Edelweiss group operates across the corporate finance and advisory domains-equity markets, private equity, mergers and acquisitions, advisory structured financial syndication, and debt issues. The group's wealth business and alternate assets business has also witnessed significant growth. The group's assets under advice in the global wealth management business were Rs 84,700 crores and the assets under management in the asset management business were Rs 26,000 crores as on December 31, 2017

**\* Comfortable liquidity:** The Edelweiss group also has comfortable liquidity. The liquidity cushion, which was around Rs 1000 crores till March 31, 2014, and has been increased to Rs 4900 crore (10% of the balance sheet size) as on December 31, 2017, (Rs 4050 crore as on March 31, 2017). The liquidity cushion consists of unencumbered government securities and fixed deposits, unutilised bank lines, and liquid shares. To further manage liquidity requirements, the group has placed a limit on the quantum of debt coming up for repayment over a three-month period. The group's assets and liabilities continue to be well-matched as can be seen from the trend in cumulative mismatches in three-month and one-year buckets. CRISIL believes that the group's focus on liquidity will hold it in good stead as it grows its balance sheet.

#### Weaknesses

**\* Asset quality exposed to concentration risks inherent in wholesale lending:** Edelweiss group's asset quality will remain vulnerable to the concentration risks inherent in its wholesale loan book, despite the strong focus on collateral. As on December 31, 2017, the group's wholesale lending constituted almost 53% of its total loan portfolio (excluding distressed assets credit), with the 10 largest loans constituting around 18 to 20% of the wholesale portfolio. Furthermore, around 48% of the wholesale portfolio comprises real estate loans; this segment is vulnerable to cyclical downturns. The group follows strong credit appraisal and risk management practices and has good collateral cover for its wholesale loans; the level of gross non-performing assets was comfortable, at 1.74% with net non-performing assets at 0.66% as on December 31, 2017. However, CRISIL believes that the inherent nature of the loan portfolio renders the group vulnerable to economic stress; any sharp deterioration in asset quality will also impact its profitability and capital. The proportion of wholesale lending in the overall credit book remains a key rating monitorable.

**\* High gearing:** The group's gearing level remains higher than that of peers. As on December 31, 2017, the gearing declined to 5.4 times from 6.3 times as on March 31, 2017. At the same time, the net gearing excluding the liquid assets of Balance Sheet Management Unit (BMU), stood at 4.3 times as on December 31, 2017. The group raised around Rs 1528 crores by way of QIP issue which led to the decline in gearing levels. Over the medium term, the gearing is expected to remain within 7.5 times (net gearing of below 6.5 times). While the risks of a higher gearing are partially mitigated by the group's limits on short-term debt maturity and the liquidity cushion available, the pace of increase in gearing will remain a key rating monitorable.

**\* Lower profitability than peers:** The Edelweiss group's profitability ratios are lower than that of other large financial sector groups; the group's return on assets was 1.8% and return on equity was 16.3% in 9MFY2018 (annualised). While profitability has been improving over the past few years, it remains lower than that of its peers. This is because a significant portion, over 25%, of the group's capital (equity plus borrowings) is employed in businesses or investments that are either low-yielding or loss-making at this point. The group has a large balance sheet management portfolio, which is used for managing their liquidity. This portfolio comprises largely of government securities, fixed deposits, and corporate bonds, which have a low return on capital employed. Furthermore, the life insurance business continues to be loss-making (net loss of Rs 136 crores in 9MFY18, out of which Edelweiss group's share of loss was Rs. 69 crore). Edelweiss Group is also about to start its general insurance business, for which it has received the requisite approvals from IRDAI. This business is also expected to be a drag on the consolidated profitability in the initial years of its operations, given its long gestation period. Expected improvement in the profitability of the insurance business and reduction in the share of funds allocated to BMU will benefit the group's profitability only over the long term.

#### Outlook: Stable

CRISIL believes that the Edelweiss group will benefit over the medium term from the increasing diversification in its business and earnings profile, its ability to build a significant market presence in its chosen lines of business, its established position in capital-market-related businesses, and its comfortable liquidity policy. The outlook might be revised to 'Positive' in case of a significant improvement in the capital position of the group, especially significant reduction in its gearing levels along with a



continued increase of retail and SME loan share in the overall credit book. Conversely, the outlook may be revised to 'Negative' in case of asset quality challenges in the Edelweiss group's lending business or a more-than-expected increase in the group's gearing. It might also be revised to 'Negative' in case there is unrelated diversification by the group.

### About the Group

The Edelweiss group comprised Edelweiss Financial Services Ltd (EFSL, the parent company), 59 subsidiaries, and 5 associate companies as on March 31, 2017. The group conducts its business from 277 offices (including 7 international offices) across 127 cities as on March 31, 2017. Its main business lines are credit (comprising wholesale, retail, SME, and agricultural services & credit), franchise businesses (comprising capital markets-related fee businesses, asset management and wealth management) and insurance. These businesses entail loans to corporates and individuals, mortgage finance, including loans against property and small-ticket housing loans, SME finance, commodity sourcing and distribution, insurance, institutional and retail equity broking, corporate finance and advisory, wealth management, third-party financial products distribution, and alternative and domestic asset management. In addition, the balance sheet management unit focuses on liquidity and asset-liability management.

For fiscal 2017, the group reported a PAT of Rs 609.3 crore on a total income of Rs 6618.8 crore vis-a-vis PAT of Rs 414.4 crore on total income of Rs 5268.1 crores in fiscal 2016. The net worth of the group increased to Rs 5283.9 crore as on March 31, 2017 (audited) from Rs 4369.7 crore on March 31, 2016. For the nine months ended December 31, 2017, the group reported a PAT of Rs 641.9 crore on a total income of Rs 5999 crore as against Rs 439.3 crore and Rs 4689 crore in the corresponding period of the previous year.

ERFL, a non-banking financial company, commenced retail lending operations in 2015 and is primarily engaged in lending in the SME and LAP segments. It is one of the key retail lending entities of the group and had a loan book size of around Rs 2900 crore as on December 31, 2017. For fiscal 2017, the company reported a PAT of Rs 31.9 crore on a total income of Rs 253.5 crore, against a PAT of Rs 24.7 crore on a total income of Rs 161.5 crore for fiscal 2016. For the nine months ended December 31, 2017, the company reported a PAT of Rs 25.2 crore on a total income of Rs 245.1 crore as against Rs 27.6 crore and Rs 186.4 crore in the corresponding period of the previous year.

### Key Financial Indicators: (EFSL)

| As on / For the nine months ended December 31, |          | 2017  | 2016  |
|--|----------|-------|-------|
| Total Assets                                   | Rs Crore | 48800 | 37245 |
| Total income                                   | Rs Crore | 5999  | 4689  |
| Profit after Tax                               | Rs Crore | 642   | 439   |
| Gross NPA                                      | %        | 1.74  | 1.53  |
| Adjusted Gearing*                              | Times    | 5.4   | 6.1   |
| Return on Assets                               | %        | 1.9   | 1.7   |

\*Indicates gross gearing, the net gearing excluding the liquid assets of Balance Sheet Management Unit (BMU), stood at 4.3 times as on December 31, 2017

**Any other information:** Not applicable

### Note on complexity levels of the rated instrument:

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### Annexure - Details of Instrument(s)

| ISIN         | Name of Instrument                           | Date of Allotment | Coupon Rate (%) | Maturity Date | Issue Size (Rs.cr) | Rating assigned with outlook |
|--------------|--|-------------------|-----------------|---------------|--------------------|------------------------------|
| NA           | Debentures #                                 | NA                | NA              | NA            | 500                | CRISIL AA/Stable             |
| NA           | Short Term Debt (including Commercial paper) | NA                | NA              | 7-365 days    | 500                | CRISIL A1+                   |
| NA           | Subordinated Debt #                          | NA                | NA              | NA            | 176                | CRISIL AA/Stable             |
| NA           | Debentures #                                 | NA                | NA              | NA            | 400                | CRISIL AA/Stable             |
| INE528S08035 | Subordinated Debt                            | 31-Jul-17         | 9.25            | 31-Jul-27     | 24                 | CRISIL AA/Stable             |
| INE528S08043 | Subordinated Debt                            | 06-Oct-17         | 9.25            | 06-Oct-27     | 100                | CRISIL AA/Stable             |
| INE528S07060 | Debentures                                   | 07-Nov-17         | 8.50            | 07-Nov-22     | 100                | CRISIL AA/Stable             |
| NA           | Proposed Long Term Bank Facility^            | NA                | NA              | NA            | 500                | CRISIL AA/Stable             |

# Yet to be issued

^Interchangeable between short term and long term

**Annexure - Rating History for last 3 Years**

| Instrument  | Current |         |                  | 2018 (History) |                  | 2017     |                  | 2016 |        | 2015 |        | Start of 2015 |
|---|---------|---------|------------------|----------------|------------------|----------|------------------|------|--------|------|--------|---------------|
|   | Type    | Quantum | Rating           | Date           | Rating           | Date     | Rating           | Date | Rating | Date | Rating | Rating        |
| <b>Non Convertible Debentures</b>                   | LT      | 1000    | CRISIL AA/Stable |                | No Rating Change | 09-03-17 | CRISIL AA/Stable |      | --     |      | --     | --            |
| <b>Short Term Debt (Including Commercial Paper)</b> | ST      | 500     | CRISIL A1+       |                | --               |          | --               |      | --     |      | --     | --            |
| <b>Subordinated Debt</b>                            | LT      | 300     | CRISIL AA/Stable |                | No Rating Change | 27-07-17 | CRISIL AA/Stable |      | --     |      | --     | --            |
| <b>Fund-based Bank Facilities</b>                   | LT/ST   | 500     | CRISIL AA/Stable |                | No Rating Change | 09-03-17 | CRISIL AA/Stable |      | --     |      | --     | --            |

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

**Annexure - Details of various bank facilities**

| Current facilities                            |                   |                         | Previous facilities                           |                   |                         |
|---|-------------------|-------------------------|---|-------------------|-------------------------|
| Facility                                      | Amount (Rs.Crore) | Rating                  | Facility                                      | Amount (Rs.Crore) | Rating                  |
| <b>Proposed Long Term Bank Loan Facility^</b> | <b>500</b>        | <b>CRISIL AA/Stable</b> | <b>Proposed Long Term Bank Loan Facility^</b> | <b>500</b>        | <b>CRISIL AA/Stable</b> |
| <b>Total</b>                                  | <b>500</b>        | <b>--</b>               | <b>Total</b>                                  | <b>500</b>        | <b>--</b>               |

^Interchangeable between short term and long term

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Last updated: April 2016

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ICRA

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Ref: 2017-18/MUMR/1743  
February 19, 2018

**Mr. S. Ranganathan**  
**M/s. Edelweiss Retail Finance Limited**  
Edelweiss House, 14th Floor,  
Off C.S.T. Road, Kalina,  
Mumbai 400 098

Dear Sir,

**Re: ICRA rating for Rs. 500 crore Retail Non Convertible Debenture Programme of Edelweiss Retail Finance Limited**

This is with reference to your email/ letter dated February 19, 2018, for re-validating your rating for the Retail Non Convertible Debenture Programme of Rs. 500 crore.

We confirm that the "[ICRA] AA" rating with a Stable outlook, assigned to the captioned Retail NCD Programme of your company and last communicated to you vide our letter dated February 2, 2018 stands. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Within this category modifiers ("+" (plus) / "-" (minus)) can be used with the rating symbols. The modifiers reflect the comparative standing within the category.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: 2017-18/MUM/1699 dated February 2, 2018.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

**ANJAN DEB GHOSH**  
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[aghosh@icraindia.com](mailto:aghosh@icraindia.com)

**SUBRATA RAY**  
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Registered Office : 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001, Tel.: +(91-11) 23357940-50 Fax : + (91-11) 23357014

**RATING • RESEARCH • INFORMATION**

Date: December 18, 2017  
Mr. S. Ranganathan  
M/s. Edelweiss Retail Finance Limited  
Edelweiss House, 14th Floor,  
Off C.S.T. Road, Kalina,  
Mumbai 400 098

Dear Sir,

Re: ICRA Credit Rating for the Rs. 500 crore Retail Non-Convertible Debenture Programme of Edelweiss Retail Finance Limited

Please refer to the Rating Agreement dated **January 30, 2018** for carrying out the rating of the aforesaid debt programme. The Rating Committee of ICRA, after due consideration, has assigned a "[ICRA]AA" (pronounced as ICRA double A) rating with **Stable Outlook** to the debt programme. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[ICRA]AA".

We would appreciate if you can sign the acknowledgement and send it to us latest by **February 9, 2018** as acceptance on the assigned rating. In case you do not communicate your acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on '**Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)**' issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you. As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly '**No Default Statement (NDS)**' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of **February 9, 2018**.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us. We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited



ANJAN DEB GHOSH  
Executive Vice President  
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ICRA

Encl:

**'No Default Statement on the Company Letter Head'**

To

<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

| Name of the Instrument | ISIN | Amount to be paid | Due Date of Payment | Actual Date of Payment | Remarks |
|------------------------|------|-------------------|---------------------|------------------------|---------|
|                        |      |                   |                     |                        |         |
|                        |      |                   |                     |                        |         |

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>





ICRA

**Acknowledgement**  
*(To be signed and returned to ICRA Limited)*

I, <Name of the person>, <Designation> on behalf of the <Company/ Client name> hereby accept and acknowledge the above assigned credit rating.

For <Company/ Client Name>

\_\_\_\_\_  
Name:

Date:

**Note:** Please return a copy of the above communication along with the acknowledgement to ICRA Limited at <address> or <email>

## Edelweiss Retail Finance Limited

February 6, 2018

### Edelweiss Retail Finance Limited: Rating Assigned

#### Summary of rated instruments

| Instrument*                                    | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action                  |
|--|--------------------------------------|-------------------------------------|--------------------------------|
| Retail Non-Convertible Debenture Programme     | 0.00                                 | 500.00                              | ICRA]AA (Stable); Assigned     |
| Commercial Paper Programme                     | 500.00                               | 500.00                              | [ICRA]A1+; Outstanding         |
| Non-Convertible Debenture Programme            | 1,500.00                             | 1,500.00                            | ICRA]AA (Stable); Outstanding  |
| Short term Non-Convertible Debenture Programme | 100.00                               | 100.00                              | [ICRA]A1+; Outstanding         |
| Bank Lines                                     | 1,500.00                             | 1,500.00                            | [ICRA]AA (Stable); Outstanding |
| Subordinated Debt Programme                    | 450.00                               | 450.00                              | [ICRA]AA (Stable); Outstanding |
| <b>Total</b>                                   | <b>4,050.00</b>                      | <b>4,550.00</b>                     |                                |

#### Rating action

ICRA has assigned the long term rating of [ICRA]AA (pronounced ICRA double A) for the Rs. 500 crore retail non convertible debenture programme of Edelweiss Retail Finance Limited (ERFL).

ICRA has the long term rating of [ICRA]AA (pronounced ICRA double A) outstanding for the Rs. 1,500 crore non convertible debenture programme, Rs. 450 crore subordinated debt programme and Rs. 1,500 crore bank lines of ERFL. ICRA also has the short term rating of [ICRA]A1+ (pronounced ICRA A one plus) outstanding for the Rs. 100 crore short term non convertible debenture programme and Rs. 500 crore commercial paper programme of ERFL. The outlook on the long term ratings is stable.

#### Rationale

The ratings favourably factor in the Edelweiss Group's diversified business profile, its demonstrated track record and established position as a diversified financial service provider and its robust risk management systems. While the Group commenced operations in 1996 as a capital markets oriented player, it has successfully diversified into various credit and non-credit businesses in the financial sector over the years. While reaffirming the ratings, ICRA has taken note of the close linkages among the Group entities given the common promoters and senior management team, shared brand name, and strong financial and operational synergies. Furthermore ICRA expects EFSL to continue to provide financial, managerial and operational support to all the key Group companies. The ratings also take into account the improvement in the Group's operational metrics, its adequate capitalisation and healthy liquidity position which provide it with enhanced financial flexibility. The ratings also take into account the scaling up of the credit business, which has emerged as a key revenue and profit driver for the Group, and the wealth and asset management businesses, which were supported by the improved performance of the capital markets in the last few quarters. The strengths are partially offset by credit and concentration risks in the Group's wholesale lending segments, risks associated with the distressed asset business given the focus on large ticket-size single-credit exposures coupled with the evolving nature of the

industry and the exposure to volatility in capital markets. However, the Group's demonstrated ability to maintain adequate asset quality coupled with the emphasis on risk management practices provides comfort. The ratings also take into account the group's relatively high leverage with adjusted gearing of 5.60 times as on September 30, 2017. However the recent capital infusion (Rs. 1,528 crore raised in November 2017 through Qualified Institutional Placement) provides some comfort. While the Group has consistently attempted to improve and diversify its resource profile, it remains exposed to refinancing risks, owing to bunching up of repayment obligations over the next two fiscals. However, the Group's demonstrated ability to raise funds from banks and capital markets and its adequate liquidity cushion (~10% of total assets) provide some comfort. The group's strategic endeavour for incubating new businesses early stage of some of the Group's recent ventures, including insurance and agri-value, has resulted in moderate consolidated profitability. The gradual improvement in the profitability in the past fiscal, supported by the groups' conscious efforts to improve operational efficiency, provides comfort. While reaffirming the rating ICRA has taken note of the strategic importance of ERFL to the retail lending operations which the group plans to expand at a faster pace. Going forward, the Group's ability to scale up the new businesses, in alignment with its core strategy, realize commensurate returns from its investments while maintaining a stable asset quality remains critical from a credit perspective.

## Outlook: Stable

ICRA believes that Edelweiss Group will continue to benefit from its diversified business profile, its demonstrated track record and established position in capital markets related businesses and its robust risk management systems. The outlook may be revised to 'Positive' if there is a substantial and sustained improvement in the group's profitability, leading to an improvement in its financial risk profile. The outlook may be revised to 'Negative' if there is significant deterioration in the asset quality of the credit book and profitability indicators, thereby adversely affecting its financial risk profile.

## Key rating drivers

### Credit strengths

**Diversified revenue streams with presence in credit (wholesale and retail) and non-credit (broking, investment banking, asset management and wealth management) segments** - Edelweiss Group is a diversified financial services player engaged in credit, capital markets and other advisory businesses. The Group commenced operations in the capital markets related business, and has established its position as a leading entity in the institutional equity broking and investment banking segments over the years. In a bid to diversify its revenue streams and reduce the dependence on capital markets, the Group forayed into other segments like credit (wholesale lending in FY2006 and retail lending in FY2011), distressed assets (FY2010), and life insurance (FY2012). The diversification in revenue streams has reduced the Group's exposure to cyclical movements in domestic capital markets. On a consolidated basis, EFSL's total operating income<sup>1</sup> increased from Rs. 2,599 crore in FY2016 to Rs. 3,748 crore in FY2017, registering a 44% growth supported by a healthy growth in investment banking, other fee income and trading income. With the scaling up of the credit business, net interest income continues to be the key revenue driver contributing 33% of the operating income in FY2017. The Group's investment banking and fee income, trading and broking businesses contributed 25%, 18% and 8% of the operating income respectively in FY2017.

**Steady growth in loan book with growth across segments** - Over the years, the Group has been able to incubate and scale-up various non-capital markets businesses as demonstrated by its established position and improved operational metrics in these businesses. Moreover, the credit business has emerged as the key revenue and profit driver of the Group, which was traditionally a capital markets player. As on December 31, 2017, the Group's loan book stood at Rs 36,115 crore (Rs. 20,014 crore as on March 31, 2016), consisting of wholesale (61% of loan book) and retail segments (39%). The wholesale segment primarily includes structured collateralised credit (24% of the overall loan book) extended

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<sup>1</sup> Operating income is computed net of interest expenses

to promoters and corporates, real estate financing (22%) and distressed assets credit (15%). The retail segment includes a diverse mix of retail mortgage (15% of the overall loan book), loan against shares (12%), SME and business loans (9%) and agri and rural financing (3%).

**Comfortable asset quality of its lending portfolio supported by the underwriting and risk management practices** – The Group has strong risk management practices to ensure stable asset quality in the collateralised credit and real estate financing segments. The Group also maintains adequate collateral cover of two times in the wholesale financing segments. The Group's reported asset quality indicators deteriorated marginally with gross non-performing assets (NPA) at 1.74% of overall advances (as compared to 1.59% as on March 31, 2017) and net NPAs at ~0.68% as on December 31, 2017. This can be partly attributed to the group shifting to 90+ days past due (DPD) NPA recognition for the NBFCs. The Group's ability to maintain asset quality across business cycles while achieving targeted portfolio growth, amidst competitive pressures would be closely monitored by ICRA and would remain a key rating sensitivity.

**Strong presence in investment banking and institutional equity broking; asset and wealth management also increasing in scale** – Edelweiss Group continues to hold a leading position in the investment banking and institutional equity businesses. With average daily volume of Rs. 7,000 crore in FY2017, Edelweiss is among the leading institutional broking entities in the country. The other capital markets businesses include proprietary trading and investments, wealth and asset management. The Group offers wealth management advisory to its high net worth clients with assets under advice of Rs. 84,700 crore as on December 31, 2017 as compared with Rs. 29,500 crore as on March 31, 2016. The Group is also engaged in asset management with assets under management of Rs. 26,000 crore as on December 31, 2017 with special focus on alternative assets. Edelweiss Group would be acquiring Religare's securities business, which includes securities and commodities broking, and depository participant services. Edelweiss Group will also take on the pan-India distribution of ~1,250 points of presence including over 90 branches, over 1 million clients and the employees of the business. The expected acquisition price of ~Rs. 250 crore, which given the strong financial profile of Edelweiss Group, is not expected to have a material impact. The acquisition is subject to obtaining the required regulatory approvals. The deal is expected to strengthen Edelweiss Group's presence in the broking and wealth management businesses.

**Healthy liquidity profile supported by the Group's treasury operations** - The Group has an active treasury function which enhances its liquidity position. The Group had an adequate liquidity cushion of Rs. 4,900 crore as on December 31, 2017 (~10% of total assets) in the form of undrawn bank lines, fixed deposits, government securities and liquid mutual funds, which further enhances its financial flexibility. The consolidated capitalisation (calculated based on the RBI norms for NBFCs) remained adequate at 19.20% as on December 31, 2017.

**Gradual improvement in profitability metrics, though it continues to trail behind peers** - Over the past few years, the Group has endeavoured to improve its operational efficiencies, which is reflected in the improvement in the cost to income ratio across businesses. Consequently, the company reported an improvement in net profitability with return on assets (RoA) increasing from 1.00% in FY2016 to 1.34% in FY2017 despite a contraction in net interest margin during the same period. The Group's consolidated net interest margins moderated from 3.48% of average total assets (ATA) in FY2016 to 3.01% of ATA in FY2017, following a sharp increase in ATA in FY2017. During FY2017, the Group reported a net profit of Rs. 609 crore (RoE of 15.22%) as compared with Rs. 414 crore (RoE of 12.12%) in FY2016. However, the profitability levels trail behind peers, with the newer businesses like the loss-making insurance business continuing to remain a drag on the overall profitability. The RoA of the Group would be higher at 1.61% in FY2017, excluding the losses in the insurance business. In 9MFY2018, the Group reported a PAT of Rs. 641 crore as compared with a PAT of Rs. 439 crore in 9MFY2017.

## Credit weaknesses

**Exposed to credit risk in the wholesale credit business; limited seasoning of the asset reconstruction business** - The Group remains exposed to credit risk given its high concentration in wholesale lending, particularly structured

collateralised funding and real estate segments which are inherently risky in nature. The structured collateralised funding to corporates and real estate together contributed 46% of the credit portfolio as on December 31, 2017. In ICRA's view the seasoning of the asset reconstruction industry remains limited. Also, the ability of asset reconstruction companies (ARCs) to judiciously acquire new assets while maintaining a comfortable capital structure and competitive cost of borrowings remains a key rating sensitivity. In ICRA's view, any delay or inability in resolution of delinquent assets could impact the company's profitability and liquidity profile and will remain a key rating monitorable.

**High gearing levels; given the increasing prominence of the credit business particularly wholesale lending, ability to maintain ALM remains critical** – The gearing of the Group remains high at 6.32 times as on March 31, 2017 vis-a-vis 6.35 times as on March 31, 2016. The adjusted gearing, excluding the collateralised borrowing and lending operations and other liquid assets in the Balance Sheet Management Unit, would be lower at 5.20 times as on March 31, 2017. The adjusted gearing moderated to 4.30 times as on December 31, 2017 after the recent capital raising. The total borrowings at a consolidated level increased from Rs. 27,773 crore as on March 31, 2016 to Rs. 33,379 crore as on March 31, 2017. The Group has a diversified resource profile with the dependence on bank borrowings declining with fund raising from other sources like masala bonds and subordinated debt. The share of long term liabilities in the total liabilities has been increasing over the years in line with the increase in the credit book, which is long term in nature. Over the past three years, the Group's debt levels increased keeping pace with the scaling up of the credit business. However, ICRA takes note of the recent capital raising of Rs. 1,528 crore by EFSL through Qualified Institutional Placement issue in November 2017, which resulted in an improvement in the gearing in Q3 FY2018. This equity infusion is expected to help the group in future growth and temper the gearing levels at the consolidated level over the near to medium term. The Group's ability to maintain comfortable asset liability matching in future would be a key rating monitorable.

**Exposed to the inherent cyclicity in capital markets; ability to scale up operations in the non-core business and align it with the core business strategy remains critical** – The Group remains exposed to the inherent volatility in capital markets as its various businesses are directly or indirectly linked to the performance of the capital markets. The Group has ventured into various businesses to diversify its revenue profile and reduce its dependence on the capital markets. The Group has also expanded its presence in managing warehouses to further consolidate and improve its presence in commodity distribution and commodity financing. The Group entered into a life insurance joint venture with Tokio Marine Insurance in 2011, which however has been making losses and remains a drag on the Group's overall profitability. The life insurance business is expected to break even in FY2022. The Group's ability to report profits in the insurance business and other new ventures like agri-value would be a key driver for its overall profitability and would remain a key rating sensitivity.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:**

[ICRA's Credit Rating Methodology for Non-Banking Finance Companies](#)

## About the company

### Edelweiss Financial Services Limited

Edelweiss Financial Services Ltd (EFSL), the holding company of the Edelweiss Group of companies, was incorporated in 1995 by first generation entrepreneurs to offer investment banking services primarily to technology companies. Currently, Edelweiss Group is engaged in wholesale and retail financing, distressed assets resolution, commodity financing, corporate debt syndication and debt restructuring, institutional and retail equity broking, corporate finance advisory, wealth advisory and asset management. The Group forayed into housing finance in FY2011 and into life insurance in FY2012.

In 9MFY2018, the Group reported a PAT of Rs. 641 crore as compared with a PAT of Rs. 439 crore in 9MFY2017.

### Edelweiss Retail Finance Limited

Edelweiss Retail Finance Limited (ERFL) is a Non-Deposit taking Non-Banking Financial Company (NBFC-ND) registered with the Reserve Bank of India. The company is primarily engaged in the business of lending and its products include loan against property for meeting business requirements to SME customers. ERFL was incorporated in 1997 as Affluent Dealcom Private Limited. Subsequently the Company was acquired by Edelcap Securities Limited and was rechristened Edelweiss Retail Finance Ltd (ERFL) in January 2014. The company reported a net profit of Rs. 32 crore on a total income of Rs. 254 crore in FY2017 as compared to net profit of Rs. 25 crore on a total income of Rs. 161 crore in FY2016. The company had a networth of Rs. 313 crore as on March 31, 2017.

### Key Financial Indicators (Audited) (Consolidated for EFSL)

|                        | <b>FY2016</b> | <b>FY2017</b> |
|------------------------|---------------|---------------|
| Total Income           | 5,268         | 6,619         |
| Profit after Tax       | 414           | 609           |
| Net worth              | 3,675         | 4,329         |
| Loan Book              | 20,014        | 27,608        |
| Total Assets           | 36,985        | 44,823        |
| Return on Assets       | 1.00%         | 1.34%         |
| Return on Equity       | 12.12%        | 15.22%        |
| Gross NPA              | 1.40%         | 1.59%         |
| Net NPA                | 0.50%         | 0.60%         |
| Capital Adequacy Ratio | 18%           | 17%           |
| Gearing                | 6.35          | 6.32          |
| Adjusted Gearing       | 4.95          | 5.20          |

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for last three years:

| Instrument | Type   | Current Rating (FY2018)  |                                | Chronology of Rating History for the past 3 years |                   |                   |                   |                   |                   |                   |                   |                   |
|------------|--|--------------------------|--------------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|            |  | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating                                     |                   | FY2018            |                   | FY2017            |                   | FY2016            | FY2015            |                   |
|            |  |                          |                                | Feb-18  | Dec-17            | Oct-17            | Jul-17            | Mar-17            | May-16            | Dec-15            | Dec-14            |                   |
| 1          | Non Convertible Debenture Programme            | 1,500.00                 | 600.00                         | [ICRA]AA (stable)                                 | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) |
| 2          | Subordinated Debt                              | 450.00                   | 150.00                         | [ICRA]AA (stable)                                 | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) |
| 3          | Commercial Paper Programme                     | 500.00                   | NA                             | [ICRA]A1+   | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         |
| 4          | Bank Lines                                     | 1,500.00                 | 1,105.00                       | [ICRA]AA (stable)                                 | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) | [ICRA]AA (stable) |
| 5          | Short term Non Convertible Debenture Programme | 100.00                   | NA                             | [ICRA]A1+   | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | [ICRA]A1+         | -                 |
| 6          | Retail Non Convertible Debenture Programme     | 500.00                   | 0.00                           | [ICRA]AA (stable)                                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument Details

| ISIN No      | Instrument Name                                       | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|--------------|---|-----------------------------|-------------|---------------|--------------------------|----------------------------|
|              | Bank Lines - Term Loan                                | Mar-15                      | NA          | Mar-23        | 845.00                   | [ICRA]AA (stable)          |
|              | Bank Lines - Working Capital                          | NA                          | NA          | NA            | 160.00                   | [ICRA]AA (stable)          |
|              | Bank Lines - Proposed                                 | NA                          | NA          | NA            | 495.00                   | [ICRA]AA (stable)          |
| INE528S07011 | Non Convertible Debenture                             | 31-Mar-15                   | NA          | 30-Mar-18     | 25.00                    | [ICRA]AA (stable)          |
| INE528S07029 | Non Convertible Debenture                             | 19-Aug-15                   | 9.00%       | 17-Feb-17     | 200.00                   | [ICRA]AA (stable)          |
| INE528S07037 | Non Convertible Debenture                             | 19-Aug-15                   | 9.00%       | 18-Aug-17     | 75.00                    | [ICRA]AA (stable)          |
| INE528S07045 | Non Convertible Debenture                             | 19-Aug-15                   | 9.00%       | 19-Aug-20     | 100.00                   | [ICRA]AA (stable)          |
| INE528S07052 | Non Convertible Debenture                             | 19-Aug-15                   | 9.00%       | 19-Aug-20     | 100.00                   | [ICRA]AA (stable)          |
| INE528S07060 | Non Convertible Debenture                             | 7-Nov-17                    | 8.50%       | 7-Nov-22      | 100.00                   | [ICRA]AA (stable)          |
|              | Non Convertible Debenture - Yet to be Issued          | NA                          | NA          | NA            | 1,400.00                 | [ICRA]AA (stable)          |
|              | Short term NCD - Yet to be Issued                     | NA                          | NA          | NA            | 100.00                   | [ICRA]A1+                  |
|              | Commercial Paper Programme                            | NA                          | NA          | 7-365 days    | 500.00                   | [ICRA]A1+                  |
| INE528S08019 | Subordinated Debt                                     | 25-May-15                   | 11.50%      | 26-May-25     | 14.00                    | [ICRA]AA (stable)          |
| INE528S08027 | Subordinated Debt                                     | 10-Oct-16                   | 9.95%       | 09-Oct-26     | 12.00                    | [ICRA]AA (stable)          |
| INE528S08035 | Subordinated Debt                                     | 31-Jul-17                   | 9.25%       | 31-Jul-27     | 24.00                    | [ICRA]AA (stable)          |
| INE528S08043 | Subordinated Debt                                     | 6-Oct-17                    | 9.25%       | 6-Oct-27      | 100.00                   | [ICRA]AA (stable)          |
|              | Subordinated Debt – Yet to be Issued                  | NA                          | NA          | NA            | 300.00                   | [ICRA]AA (stable)          |
|              | Retail Non Convertible Debenture Programme - Proposed | NA                          | NA          | NA            | 500.00                   | [ICRA]AA (stable)          |

Source: Edelweiss Retail Finance Limited



## ANALYST CONTACTS

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## MEDIA AND PUBLIC RELATIONS CONTACT

**Naznin Prodhani**

Tel: +91 124 4545 860  
naznin.prodhani@icraindia.com

## Helpline for business queries:

+91-124-3341580 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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## ICRA Limited

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**ANNEXURE B – DEBENTURE TRUSTEE CONSENT LETTER**

Please refer the next page for the consent letter issued by the debenture trustee.

The remainder of the page has been intentionally left blank.

## IDBI Trusteeship Services Ltd

CIN : U65991MH2001GOI131154



9031/ITSL/OPR/2017-18

February 02, 2018

### Edelweiss Retail Finance Limited ("ERFL")

Edelweiss House,  
Off C.S.T. Road, Kalina,  
Mumbai 400 098

Dear Sir/ Madam,

### Sub: Proposed public offering ("Issue") of secured, redeemable, non-convertible debentures (the "NCDs") by Edelweiss Retail Finance Limited aggregating up to Rs 500 crores ("Company")

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue pursuant to Regulation 4(4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus / Prospectus to be filed by ERFL with the BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") and to be forwarded by ERFL to Securities and Exchange Board of India ("SEBI") and the Prospectus to be filed by ERFL with the Registrar of Companies, Maharashtra, Mumbai ("RoC"), Stock Exchanges and to be forwarded to SEBI in respect of the Issue and in all related advertisements and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue. The following details with respect to us may be disclosed:

|                            |   |
|----------------------------|---|
| Name:                      | IDBI Trusteeship Services Limited   |
| Address:                   | IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 |
| Tel:                       | (91) (22) 40807000  |
| Fax:                       | 66311776/40807080   |
| Email:                     | itsl@idbitrustee.com  |
| Website:                   | www.idbitrustee.com   |
| Contact Person:            | Mr. Naresh Sachwani / Mr. Swapneil Tiwari   |
| Investor Grievance e-mail: | response@idbitrustee.com  |
| SEBI Registration No:      | IND000000460  |

We confirm that we are registered with the SEBI and that such registration is valid unless it is suspended or cancelled by the Board. We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format [As enclosed in Annexure A]. We also certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues. We also authorize you to deliver a copy of this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory authority as required by law.

We undertake that we shall immediately intimate the Company and the Lead Managers to the Public Issue of any changes in the aforesaid details until the listing and trading of the NCDs on the Stock Exchanges. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of NCD on the Stock Exchanges.

We also agree to keep strictly confidential, except for information already available in public domain, until such time as the proposed transaction is publicly announced by the company in the form of a press release, (i) the nature and scope of this transaction; and (ii) Our knowledge of the proposed transaction of the Company.

Sincerely,

For IDBI Trusteeship Services Limited

Name: Swapneil Tiwari

Designation: Manager (Legal & Operations)

[Number of Copies: five original copies]

Annexure A - Certificate of Registration

February 02, 2018

**Edelweiss Retail Finance Limited**Edelweiss House,  
Off C.S.T. Road, Kalina,  
Mumbai 400 098

Dear Sir/ Madam,

**Sub: Proposed public issue ("Issue") of secured redeemable non-convertible debentures ("NCDs") aggregating to Rs. 500 Crores by Edelweiss Retail Finance Limited ("Company")**

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee are true and correct:

| S. No. | Particulars   | Details  |
|--------|---|--|
| 1.     | Registration Number   | IND000000460   |
| 2.     | Date of registration/ date of last renewal of registration/ date of application for renewal of registration | February 14, 2017  |
| 3.     | Date of expiry of registration  | <i>The Certificate of registration shall be valid unless it is suspended or cancelled by the Board</i> |
| 4.     | Details of any communication from SEBI prohibiting from acting as an intermediary                           | NIL  |
| 5.     | Details of any pending inquiry/ investigation being conducted by SEBI                                       | NIL  |
| 6.     | Details of any penalty imposed by SEBI  | NIL  |

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Non-convertible Debentures on the Stock Exchanges.

Sincerely,

For IDBI Trusteeship Services Limited

  
Authorised Signatory

Name: Swapneil Tiwari

Designation: Manager (Legal &amp; Operations)

डिबेंचर न्यासी

फॉर्म नं  
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड  
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993  
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000 263

(विनियम 8)  
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र  
CERTIFICATE OF REGISTRATION

- 1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अर्थात् डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,  
1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

**IDBI TRUSTEESHIP SERVICES LIMITED**  
**ASIAN BUILDING, GROUND FLOOR**  
**17, R. KAMANI MARG**  
**BALLARD ESTATE**  
**MUMBAI-400 001**

को नियमों में, शर्तों के अर्थात् करते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।  
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

- 2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कोड  
2) Registration Code for the debenture trustee is

IND000000460

- 3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र  
3) Unless renewed, the certificate of registration is valid from

तक विधिवान्वय है।  
**This certificate of registration shall be valid unless  
it is suspended or cancelled by the board**

स्थान Place : **MUMBAI**

तारीख Date : **FEBRUARY 14, 2017**



आदेश से  
भारतीय प्रतिभूति और विनियम बोर्ड  
के लिए और उसकी ओर से  
By order  
For and on behalf of  
Securities and Exchange Board of India

*M. Sanparote*  
**MEDHASONPAROTE**

प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

1008 1004 101

## ANNEXURE C – ILLUSTRATIVE CASH FLOW

### Cash Flow Illustration – Series I

|  |   |                          |
|--|---|--------------------------|
| Company  | Edelweiss Retail Finance Ltd              |                          |
| Face value (per security)                              | 1,000.00                                  |                          |
| Issue Date/ Date of Allotment (tentative)*             | Wednesday, March 07, 2018                 | Thursday, April 05, 2018 |
| Redemption   | Monday, April 05, 2021                    |                          |
| Coupon Rate for Category I, II and III investors       | 8.42% p.a.                                |                          |
| Frequency of the interest payment with specified dates | Monthly on 1 <sup>st</sup> of every month |                          |
| Day count convention                                   | Actual/ Actual                            |                          |

| Cash Flows  | Due Date                     | Date of Payment              | No. of Days | Amount(Rs.)              |
|-------------|------------------------------|------------------------------|-------------|--------------------------|
|             |                              |                              |             | Category I, II, III & IV |
| 1st coupon  | Friday, June 01, 2018        | Friday, June 01, 2018        | 57          | 13.15                    |
| 2nd coupon  | Sunday, July 01, 2018        | Monday, July 02, 2018        | 31          | 7.15                     |
| 3rd coupon  | Wednesday, August 01, 2018   | Wednesday, August 01, 2018   | 30          | 6.92                     |
| 4th coupon  | Saturday, September 01, 2018 | Saturday, September 01, 2018 | 31          | 7.15                     |
| 5th coupon  | Monday, October 01, 2018     | Monday, October 01, 2018     | 30          | 6.92                     |
| 6th coupon  | Thursday, November 01, 2018  | Thursday, November 01, 2018  | 31          | 7.15                     |
| 7th coupon  | Saturday, December 01, 2018  | Saturday, December 01, 2018  | 30          | 6.92                     |
| 8th coupon  | Tuesday, January 01, 2019    | Tuesday, January 01, 2019    | 31          | 7.15                     |
| 9th coupon  | Friday, February 01, 2019    | Friday, February 01, 2019    | 31          | 7.15                     |
| 10th coupon | Friday, March 01, 2019       | Friday, March 01, 2019       | 28          | 6.46                     |
| 11th coupon | Monday, April 01, 2019       | Monday, April 01, 2019       | 31          | 7.15                     |
| 12th coupon | Wednesday, May 01, 2019      | Thursday, May 02, 2019       | 31          | 7.15                     |
| 13th coupon | Saturday, June 01, 2019      | Saturday, June 01, 2019      | 30          | 6.92                     |
| 14th coupon | Monday, July 01, 2019        | Monday, July 01, 2019        | 30          | 6.92                     |
| 15th coupon | Thursday, August 01, 2019    | Thursday, August 01, 2019    | 31          | 7.15                     |
| 16th coupon | Sunday, September 01, 2019   | Monday, September 02, 2019   | 32          | 7.38                     |

| Cash Flows                   | Due Date                    | Date of Payment             | No. of Days  | Amount(Rs.)              |
|------------------------------|-----------------------------|-----------------------------|--------------|--------------------------|
|                              |                             |                             |              | Category I, II, III & IV |
| 17th coupon                  | Tuesday, October 01, 2019   | Tuesday, October 01, 2019   | 29           | 6.69                     |
| 18th coupon                  | Friday, November 01, 2019   | Friday, November 01, 2019   | 31           | 7.15                     |
| 19th coupon                  | Sunday, December 01, 2019   | Monday, December 02, 2019   | 31           | 7.15                     |
| 20th coupon                  | Wednesday, January 01, 2020 | Wednesday, January 01, 2020 | 30           | 6.92                     |
| 21st coupon                  | Saturday, February 01, 2020 | Saturday, February 01, 2020 | 31           | 7.15                     |
| 22nd coupon                  | Sunday, March 01, 2020      | Monday, March 02, 2020      | 30           | 6.90                     |
| 23rd coupon                  | Wednesday, April 01, 2020   | Wednesday, April 01, 2020   | 30           | 6.90                     |
| 24th coupon                  | Friday, May 01, 2020        | Saturday, May 02, 2020      | 31           | 7.13                     |
| 25th coupon                  | Monday, June 01, 2020       | Monday, June 01, 2020       | 30           | 6.90                     |
| 26th coupon                  | Wednesday, July 01, 2020    | Wednesday, July 01, 2020    | 30           | 6.90                     |
| 27th coupon                  | Saturday, August 01, 2020   | Saturday, August 01, 2020   | 31           | 7.13                     |
| 28th coupon                  | Tuesday, September 01, 2020 | Tuesday, September 01, 2020 | 31           | 7.13                     |
| 29th coupon                  | Thursday, October 01, 2020  | Thursday, October 01, 2020  | 30           | 6.90                     |
| 30th coupon                  | Sunday, November 01, 2020   | Monday, November 02, 2020   | 32           | 7.36                     |
| 31st coupon                  | Tuesday, December 01, 2020  | Tuesday, December 01, 2020  | 29           | 6.67                     |
| 32nd coupon                  | Friday, January 01, 2021    | Friday, January 01, 2021    | 31           | 7.13                     |
| 33rd coupon                  | Monday, February 01, 2021   | Monday, February 01, 2021   | 31           | 7.13                     |
| 34th coupon                  | Monday, March 01, 2021      | Monday, March 01, 2021      | 28           | 6.46                     |
| 35th coupon                  | Thursday, April 01, 2021    | Thursday, April 01, 2021    | 31           | 7.15                     |
| 36th coupon                  | Monday, April 05, 2021      | Monday, April 05, 2021      | 4            | 0.92                     |
| Principal/<br>Maturity value | Monday, April 05, 2021      | Monday, April 05, 2021      | -            | 1,000.00                 |
| <b>Total</b>                 |                             |                             | <b>1,096</b> | <b>1,252.56</b>          |

\* Based on current Issue Closing date (March 22, 2018) and post Issue timelines; subject to further change.

1. Fiscal 2020, being leap year, interest payable has been calculated for 366 days (the calculations for this year above will have to change for 366 days);
2. Since the 2nd, 12th, 16th, 19th, 22nd, 24th and 30th Coupon/Interest Payment Dates are falling on a non Working Day, interest is payable on the next Working Day along with interest for additional day/s as applicable.
3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices



### Cash Flow Illustration – Series II

|  |   |                          |
|--|---|--------------------------|
| Company  | Edelweiss Retail Finance Ltd                                  |                          |
| Face value (per security)                              | 1,000.00  |                          |
| Issue Date/ Date of Allotment (tentative)*             | Wednesday, March 07, 2018                                     | Thursday, April 05, 2018 |
| Redemption   | Monday, April 05, 2021  |                          |
| Coupon Rate for Category I, II and III investors       | 8.75% p.a.  |                          |
| Frequency of the interest payment with specified dates | Annually on April 05, 2019; April 05, 2020 and April 05, 2021 |                          |
| Day count convention                                   | Actual/ Actual  |                          |

| Cash Flows                | Due Date               | Date of Payment        | No. of Days  | Amount(Rs.)              |
|---------------------------|------------------------|------------------------|--------------|--------------------------|
|                           |                        |                        |              | Category I, II, III & IV |
| 1st coupon                | Friday, April 05, 2019 | Friday, April 05, 2019 | 365          | 87.50                    |
| 2nd coupon                | Sunday, April 05, 2020 | Monday, April 06, 2020 | 367          | 87.74                    |
| 3rd coupon                | Monday, April 05, 2021 | Monday, April 05, 2021 | 364          | 87.26                    |
| Principal/ Maturity value | Monday, April 05, 2021 | Monday, April 05, 2021 | -            | 1,000.00                 |
| <b>Total</b>              |                        |                        | <b>1,096</b> | <b>1,262.50</b>          |

\* Based on current Issue Closing date (March 22, 2018) and post Issue timelines; subject to further change.

1. Fiscal 2020, being leap year, interest payable has been calculated for 366 days (the calculations for that year above will have to change for 366 days);
2. Since the 2nd Coupon/Interest Payment Dates is falling on a non Working Day, interest is payable on the next Working Day along with interest for additional day/s as applicable.
3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices

### Cash Flow Illustration – Series III

|  |   |                          |
|--|---|--------------------------|
| Company  | Edelweiss Retail Finance Ltd              |                          |
| Face value (per security)                              | 1,000.00                                  |                          |
| Issue Date/ Date of Allotment (tentative)*             | Wednesday, March 07, 2018                 | Thursday, April 05, 2018 |
| Redemption   | Wednesday, April 05, 2023                 |                          |
| Coupon Rate for Category I, II and III investors       | 8.65% p.a.                                |                          |
| Frequency of the interest payment with specified dates | Monthly on 1 <sup>st</sup> of every month |                          |

|                      |                |
|----------------------|----------------|
| Day count convention | Actual/ Actual |
|----------------------|----------------|

| Cash Flows  | Due Date                     | Date of Payment              | No. of Days | Amount(Rs.)              |
|-------------|------------------------------|------------------------------|-------------|--------------------------|
|             |                              |                              |             | Category I, II, III & IV |
| 1st coupon  | Friday, June 01, 2018        | Friday, June 01, 2018        | 57          | 13.51                    |
| 2nd coupon  | Sunday, July 01, 2018        | Monday, July 02, 2018        | 31          | 7.35                     |
| 3rd coupon  | Wednesday, August 01, 2018   | Wednesday, August 01, 2018   | 30          | 7.11                     |
| 4th coupon  | Saturday, September 01, 2018 | Saturday, September 01, 2018 | 31          | 7.35                     |
| 5th coupon  | Monday, October 01, 2018     | Monday, October 01, 2018     | 30          | 7.11                     |
| 6th coupon  | Thursday, November 01, 2018  | Thursday, November 01, 2018  | 31          | 7.35                     |
| 7th coupon  | Saturday, December 01, 2018  | Saturday, December 01, 2018  | 30          | 7.11                     |
| 8th coupon  | Tuesday, January 01, 2019    | Tuesday, January 01, 2019    | 31          | 7.35                     |
| 9th coupon  | Friday, February 01, 2019    | Friday, February 01, 2019    | 31          | 7.35                     |
| 10th coupon | Friday, March 01, 2019       | Friday, March 01, 2019       | 28          | 6.64                     |
| 11th coupon | Monday, April 01, 2019       | Monday, April 01, 2019       | 31          | 7.35                     |
| 12th coupon | Wednesday, May 01, 2019      | Thursday, May 02, 2019       | 31          | 7.35                     |
| 13th coupon | Saturday, June 01, 2019      | Saturday, June 01, 2019      | 30          | 7.11                     |
| 14th coupon | Monday, July 01, 2019        | Monday, July 01, 2019        | 30          | 7.11                     |
| 15th coupon | Thursday, August 01, 2019    | Thursday, August 01, 2019    | 31          | 7.35                     |
| 16th coupon | Sunday, September 01, 2019   | Monday, September 02, 2019   | 32          | 7.58                     |
| 17th coupon | Tuesday, October 01, 2019    | Tuesday, October 01, 2019    | 29          | 6.87                     |
| 18th coupon | Friday, November 01, 2019    | Friday, November 01, 2019    | 31          | 7.35                     |
| 19th coupon | Sunday, December 01, 2019    | Monday, December 02, 2019    | 31          | 7.35                     |
| 20th coupon | Wednesday, January 01, 2020  | Wednesday, January 01, 2020  | 30          | 7.11                     |
| 21st coupon | Saturday, February 01, 2020  | Saturday, February 01, 2020  | 31          | 7.35                     |
| 22nd coupon | Sunday, March 01, 2020       | Monday, March 02, 2020       | 30          | 7.09                     |
| 23rd coupon | Wednesday, April 01, 2020    | Wednesday, April 01, 2020    | 30          | 7.09                     |
| 24th coupon | Friday, May 01, 2020         | Saturday, May 02, 2020       | 31          | 7.33                     |

| Cash Flows  | Due Date                      | Date of Payment               | No. of Days | Amount(Rs.)              |
|-------------|-------------------------------|-------------------------------|-------------|--------------------------|
|             |                               |                               |             | Category I, II, III & IV |
| 25th coupon | Monday, June 01, 2020         | Monday, June 01, 2020         | 30          | 7.09                     |
| 26th coupon | Wednesday, July 01, 2020      | Wednesday, July 01, 2020      | 30          | 7.09                     |
| 27th coupon | Saturday, August 01, 2020     | Saturday, August 01, 2020     | 31          | 7.33                     |
| 28th coupon | Tuesday, September 01, 2020   | Tuesday, September 01, 2020   | 31          | 7.33                     |
| 29th coupon | Thursday, October 01, 2020    | Thursday, October 01, 2020    | 30          | 7.09                     |
| 30th coupon | Sunday, November 01, 2020     | Monday, November 02, 2020     | 32          | 7.56                     |
| 31st coupon | Tuesday, December 01, 2020    | Tuesday, December 01, 2020    | 29          | 6.85                     |
| 32nd coupon | Friday, January 01, 2021      | Friday, January 01, 2021      | 31          | 7.33                     |
| 33rd coupon | Monday, February 01, 2021     | Monday, February 01, 2021     | 31          | 7.33                     |
| 34th coupon | Monday, March 01, 2021        | Monday, March 01, 2021        | 28          | 6.64                     |
| 35th coupon | Thursday, April 01, 2021      | Thursday, April 01, 2021      | 31          | 7.35                     |
| 36th coupon | Saturday, May 01, 2021        | Monday, May 03, 2021          | 32          | 7.58                     |
| 37th coupon | Tuesday, June 01, 2021        | Tuesday, June 01, 2021        | 29          | 6.87                     |
| 38th coupon | Thursday, July 01, 2021       | Thursday, July 01, 2021       | 30          | 7.11                     |
| 39th coupon | Sunday, August 01, 2021       | Monday, August 02, 2021       | 32          | 7.58                     |
| 40th coupon | Wednesday, September 01, 2021 | Wednesday, September 01, 2021 | 30          | 7.11                     |
| 41st coupon | Friday, October 01, 2021      | Friday, October 01, 2021      | 30          | 7.11                     |
| 42nd coupon | Monday, November 01, 2021     | Monday, November 01, 2021     | 31          | 7.35                     |
| 43rd coupon | Wednesday, December 01, 2021  | Wednesday, December 01, 2021  | 30          | 7.11                     |
| 44th coupon | Saturday, January 01, 2022    | Saturday, January 01, 2022    | 31          | 7.35                     |
| 45th coupon | Tuesday, February 01, 2022    | Tuesday, February 01, 2022    | 31          | 7.35                     |
| 46th coupon | Tuesday, March 01, 2022       | Tuesday, March 01, 2022       | 28          | 6.64                     |
| 47th coupon | Friday, April 01, 2022        | Friday, April 01, 2022        | 31          | 7.35                     |
| 48th coupon | Sunday, May 01, 2022          | Monday, May 02, 2022          | 31          | 7.35                     |
| 49th coupon | Wednesday, June 01, 2022      | Wednesday, June 01, 2022      | 30          | 7.11                     |
| 50th coupon | Friday, July 01, 2022         | Friday, July 01, 2022         | 30          | 7.11                     |

| Cash Flows                   | Due Date                     | Date of Payment              | No. of Days  | Amount(Rs.)              |
|------------------------------|------------------------------|------------------------------|--------------|--------------------------|
|                              |                              |                              |              | Category I, II, III & IV |
| 51st coupon                  | Monday, August 01, 2022      | Monday, August 01, 2022      | 31           | 7.35                     |
| 52nd coupon                  | Thursday, September 01, 2022 | Thursday, September 01, 2022 | 31           | 7.35                     |
| 53rd coupon                  | Saturday, October 01, 2022   | Saturday, October 01, 2022   | 30           | 7.11                     |
| 54th coupon                  | Tuesday, November 01, 2022   | Tuesday, November 01, 2022   | 31           | 7.35                     |
| 55th coupon                  | Thursday, December 01, 2022  | Thursday, December 01, 2022  | 30           | 7.11                     |
| 56th coupon                  | Sunday, January 01, 2023     | Monday, January 02, 2023     | 32           | 7.58                     |
| 57th coupon                  | Wednesday, February 01, 2023 | Wednesday, February 01, 2023 | 30           | 7.11                     |
| 58th coupon                  | Wednesday, March 01, 2023    | Wednesday, March 01, 2023    | 28           | 6.64                     |
| 59th coupon                  | Saturday, April 01, 2023     | Saturday, April 01, 2023     | 31           | 7.35                     |
| 60th coupon                  | Wednesday, April 05, 2023    | Wednesday, April 05, 2023    | 4            | 0.95                     |
| Principal/<br>Maturity value | Wednesday, April 05, 2023    | Wednesday, April 05, 2023    | -            | 1,000.00                 |
| <b>Total</b>                 |                              |                              | <b>1,826</b> | <b>1,432.59</b>          |

\* Based on current Issue Closing date (March 22, 2018) and post Issue timelines; subject to further change.

1. Fiscal 2020, being leap year, interest payable has been calculated for 366 days (the calculations for this year above will have to change for 366 days);

2. Since the 2nd, 12th, 16th, 19th, 22nd, 24th, 30th, 36th, 39th, 48th, and 56th Coupon/Interest Payment Dates are falling on a non Working Day, interest is payable on the next Working Day along with interest for additional day/s as applicable.

3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices

#### Cash Flow Illustration – Series IV

|  |  |                          |
|--|--|--------------------------|
| Company  | Edelweiss Retail Finance Ltd   |                          |
| Face value (per security)                              | 1,000.00   |                          |
| Issue Date/ Date of Allotment (tentative)*             | Wednesday, March 07, 2018  | Thursday, April 05, 2018 |
| Redemption   | Wednesday, April 05, 2023  |                          |
| Coupon Rate for Category I, II and III investors       | 9.00% p.a.   |                          |
| Frequency of the interest payment with specified dates | Annually on April 05, 2019; April 05, 2020; April 05, 2021; April 05, 2022 and on April 05, 2023 |                          |
| Day count convention                                   | Actual/ Actual   |                          |

| Cash Flows                | Due Date                  | Date of Payment           | No. of Days  | Amount(Rs.)              |
|---------------------------|---------------------------|---------------------------|--------------|--------------------------|
|                           |                           |                           |              | Category I, II, III & IV |
| 1st coupon                | Friday, April 05, 2019    | Friday, April 05, 2019    | 365          | 90.00                    |
| 2nd coupon                | Sunday, April 05, 2020    | Monday, April 06, 2020    | 367          | 90.25                    |
| 3rd coupon                | Monday, April 05, 2021    | Monday, April 05, 2021    | 364          | 89.75                    |
| 4th coupon                | Tuesday, April 05, 2022   | Tuesday, April 05, 2022   | 365          | 90.00                    |
| 5th coupon                | Wednesday, April 05, 2023 | Wednesday, April 05, 2023 | 365          | 90.00                    |
| Principal/ Maturity value | Wednesday, April 05, 2023 | Wednesday, April 05, 2023 | -            | 1,000.00                 |
| <b>Total</b>              |                           |                           | <b>1,826</b> | <b>1,450.00</b>          |

\* Based on current Issue Closing date (March 22, 2018) and post Issue timelines; subject to further change.

1. Fiscal 2020, being leap year, interest payable has been calculated for 366 days (the calculations for that year above will have to change for 366 days);
2. Since the 2nd Coupon/Interest Payment Dates is falling on a non Working Day, interest is payable on the next Working Day along with interest for additional day/s as applicable.
3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices'

#### Cash Flow Illustration – Series V

|  |   |                          |
|--|---|--------------------------|
| Company  | Edelweiss Retail Finance Ltd              |                          |
| Face value (per security)                              | 1,000.00                                  |                          |
| Issue Date/ Date of Allotment (tentative)*             | Wednesday, March 07, 2018                 | Thursday, April 05, 2018 |
| Redemption   | Wednesday, April 05, 2028                 |                          |
| Coupon Rate for Category I, II and III investors       | 8.88% p.a.                                |                          |
| Frequency of the interest payment with specified dates | Monthly on 1 <sup>st</sup> of every month |                          |
| Day count convention                                   | Actual/ Actual                            |                          |

| Cash Flows | Due Date                   | Date of Payment            | No. of Days | Amount(Rs.)              |
|------------|----------------------------|----------------------------|-------------|--------------------------|
|            |                            |                            |             | Category I, II, III & IV |
| 1st coupon | Friday, June 01, 2018      | Friday, June 01, 2018      | 57          | 13.87                    |
| 2nd coupon | Sunday, July 01, 2018      | Monday, July 02, 2018      | 31          | 7.54                     |
| 3rd coupon | Wednesday, August 01, 2018 | Wednesday, August 01, 2018 | 30          | 7.30                     |

| Cash Flows  | Due Date                     | Date of Payment              | No. of Days | Amount(Rs.)              |
|-------------|------------------------------|------------------------------|-------------|--------------------------|
|             |                              |                              |             | Category I, II, III & IV |
| 4th coupon  | Saturday, September 01, 2018 | Saturday, September 01, 2018 | 31          | 7.54                     |
| 5th coupon  | Monday, October 01, 2018     | Monday, October 01, 2018     | 30          | 7.30                     |
| 6th coupon  | Thursday, November 01, 2018  | Thursday, November 01, 2018  | 31          | 7.54                     |
| 7th coupon  | Saturday, December 01, 2018  | Saturday, December 01, 2018  | 30          | 7.30                     |
| 8th coupon  | Tuesday, January 01, 2019    | Tuesday, January 01, 2019    | 31          | 7.54                     |
| 9th coupon  | Friday, February 01, 2019    | Friday, February 01, 2019    | 31          | 7.54                     |
| 10th coupon | Friday, March 01, 2019       | Friday, March 01, 2019       | 28          | 6.81                     |
| 11th coupon | Monday, April 01, 2019       | Monday, April 01, 2019       | 31          | 7.54                     |
| 12th coupon | Wednesday, May 01, 2019      | Thursday, May 02, 2019       | 31          | 7.54                     |
| 13th coupon | Saturday, June 01, 2019      | Saturday, June 01, 2019      | 30          | 7.30                     |
| 14th coupon | Monday, July 01, 2019        | Monday, July 01, 2019        | 30          | 7.30                     |
| 15th coupon | Thursday, August 01, 2019    | Thursday, August 01, 2019    | 31          | 7.54                     |
| 16th coupon | Sunday, September 01, 2019   | Monday, September 02, 2019   | 32          | 7.79                     |
| 17th coupon | Tuesday, October 01, 2019    | Tuesday, October 01, 2019    | 29          | 7.06                     |
| 18th coupon | Friday, November 01, 2019    | Friday, November 01, 2019    | 31          | 7.54                     |
| 19th coupon | Sunday, December 01, 2019    | Monday, December 02, 2019    | 31          | 7.54                     |
| 20th coupon | Wednesday, January 01, 2020  | Wednesday, January 01, 2020  | 30          | 7.30                     |
| 21st coupon | Saturday, February 01, 2020  | Saturday, February 01, 2020  | 31          | 7.54                     |
| 22nd coupon | Sunday, March 01, 2020       | Monday, March 02, 2020       | 30          | 7.28                     |
| 23rd coupon | Wednesday, April 01, 2020    | Wednesday, April 01, 2020    | 30          | 7.28                     |
| 24th coupon | Friday, May 01, 2020         | Saturday, May 02, 2020       | 31          | 7.52                     |
| 25th coupon | Monday, June 01, 2020        | Monday, June 01, 2020        | 30          | 7.28                     |
| 26th coupon | Wednesday, July 01, 2020     | Wednesday, July 01, 2020     | 30          | 7.28                     |
| 27th coupon | Saturday, August 01, 2020    | Saturday, August 01, 2020    | 31          | 7.52                     |
| 28th coupon | Tuesday, September 01, 2020  | Tuesday, September 01, 2020  | 31          | 7.52                     |
| 29th coupon | Thursday, October 01, 2020   | Thursday, October 01, 2020   | 30          | 7.28                     |

| Cash Flows  | Due Date                      | Date of Payment               | No. of Days | Amount(Rs.)              |
|-------------|-------------------------------|-------------------------------|-------------|--------------------------|
|             |                               |                               |             | Category I, II, III & IV |
| 30th coupon | Sunday, November 01, 2020     | Monday, November 02, 2020     | 32          | 7.76                     |
| 31st coupon | Tuesday, December 01, 2020    | Tuesday, December 01, 2020    | 29          | 7.04                     |
| 32nd coupon | Friday, January 01, 2021      | Friday, January 01, 2021      | 31          | 7.52                     |
| 33rd coupon | Monday, February 01, 2021     | Monday, February 01, 2021     | 31          | 7.52                     |
| 34th coupon | Monday, March 01, 2021        | Monday, March 01, 2021        | 28          | 6.81                     |
| 35th coupon | Thursday, April 01, 2021      | Thursday, April 01, 2021      | 31          | 7.54                     |
| 36th coupon | Saturday, May 01, 2021        | Monday, May 03, 2021          | 32          | 7.79                     |
| 37th coupon | Tuesday, June 01, 2021        | Tuesday, June 01, 2021        | 29          | 7.06                     |
| 38th coupon | Thursday, July 01, 2021       | Thursday, July 01, 2021       | 30          | 7.30                     |
| 39th coupon | Sunday, August 01, 2021       | Monday, August 02, 2021       | 32          | 7.79                     |
| 40th coupon | Wednesday, September 01, 2021 | Wednesday, September 01, 2021 | 30          | 7.30                     |
| 41st coupon | Friday, October 01, 2021      | Friday, October 01, 2021      | 30          | 7.30                     |
| 42nd coupon | Monday, November 01, 2021     | Monday, November 01, 2021     | 31          | 7.54                     |
| 43rd coupon | Wednesday, December 01, 2021  | Wednesday, December 01, 2021  | 30          | 7.30                     |
| 44th coupon | Saturday, January 01, 2022    | Saturday, January 01, 2022    | 31          | 7.54                     |
| 45th coupon | Tuesday, February 01, 2022    | Tuesday, February 01, 2022    | 31          | 7.54                     |
| 46th coupon | Tuesday, March 01, 2022       | Tuesday, March 01, 2022       | 28          | 6.81                     |
| 47th coupon | Friday, April 01, 2022        | Friday, April 01, 2022        | 31          | 7.54                     |
| 48th coupon | Sunday, May 01, 2022          | Monday, May 02, 2022          | 31          | 7.54                     |
| 49th coupon | Wednesday, June 01, 2022      | Wednesday, June 01, 2022      | 30          | 7.30                     |
| 50th coupon | Friday, July 01, 2022         | Friday, July 01, 2022         | 30          | 7.30                     |
| 51st coupon | Monday, August 01, 2022       | Monday, August 01, 2022       | 31          | 7.54                     |
| 52nd coupon | Thursday, September 01, 2022  | Thursday, September 01, 2022  | 31          | 7.54                     |
| 53rd coupon | Saturday, October 01, 2022    | Saturday, October 01, 2022    | 30          | 7.30                     |
| 54th coupon | Tuesday, November 01, 2022    | Tuesday, November 01, 2022    | 31          | 7.54                     |
| 55th coupon | Thursday, December 01, 2022   | Thursday, December 01, 2022   | 30          | 7.30                     |

| Cash Flows  | Due Date                     | Date of Payment              | No. of Days | Amount(Rs.)              |
|-------------|------------------------------|------------------------------|-------------|--------------------------|
|             |                              |                              |             | Category I, II, III & IV |
| 56th coupon | Sunday, January 01, 2023     | Monday, January 02, 2023     | 32          | 7.79                     |
| 57th coupon | Wednesday, February 01, 2023 | Wednesday, February 01, 2023 | 30          | 7.30                     |
| 58th coupon | Wednesday, March 01, 2023    | Wednesday, March 01, 2023    | 28          | 6.81                     |
| 59th coupon | Saturday, April 01, 2023     | Saturday, April 01, 2023     | 31          | 7.54                     |
| 60th coupon | Monday, May 01, 2023         | Tuesday, May 02, 2023        | 31          | 7.54                     |
| 61st coupon | Thursday, June 01, 2023      | Thursday, June 01, 2023      | 30          | 7.30                     |
| 62nd coupon | Saturday, July 01, 2023      | Saturday, July 01, 2023      | 30          | 7.30                     |
| 63rd coupon | Tuesday, August 01, 2023     | Tuesday, August 01, 2023     | 31          | 7.54                     |
| 64th coupon | Friday, September 01, 2023   | Friday, September 01, 2023   | 31          | 7.54                     |
| 65th coupon | Sunday, October 01, 2023     | Tuesday, October 03, 2023    | 32          | 7.79                     |
| 66th coupon | Wednesday, November 01, 2023 | Wednesday, November 01, 2023 | 29          | 7.06                     |
| 67th coupon | Friday, December 01, 2023    | Friday, December 01, 2023    | 30          | 7.30                     |
| 68th coupon | Monday, January 01, 2024     | Monday, January 01, 2024     | 31          | 7.54                     |
| 69th coupon | Thursday, February 01, 2024  | Thursday, February 01, 2024  | 31          | 7.54                     |
| 70th coupon | Friday, March 01, 2024       | Friday, March 01, 2024       | 29          | 7.04                     |
| 71st coupon | Monday, April 01, 2024       | Monday, April 01, 2024       | 31          | 7.52                     |
| 72nd coupon | Wednesday, May 01, 2024      | Thursday, May 02, 2024       | 31          | 7.52                     |
| 73rd coupon | Saturday, June 01, 2024      | Saturday, June 01, 2024      | 30          | 7.28                     |
| 74th coupon | Monday, July 01, 2024        | Monday, July 01, 2024        | 30          | 7.28                     |
| 75th coupon | Thursday, August 01, 2024    | Thursday, August 01, 2024    | 31          | 7.52                     |
| 76th coupon | Sunday, September 01, 2024   | Monday, September 02, 2024   | 32          | 7.76                     |
| 77th coupon | Tuesday, October 01, 2024    | Tuesday, October 01, 2024    | 29          | 7.04                     |
| 78th coupon | Friday, November 01, 2024    | Friday, November 01, 2024    | 31          | 7.52                     |
| 79th coupon | Sunday, December 01, 2024    | Monday, December 02, 2024    | 31          | 7.52                     |
| 80th coupon | Wednesday, January 01, 2025  | Wednesday, January 01, 2025  | 30          | 7.28                     |
| 81st coupon | Saturday, February 01, 2025  | Saturday, February 01, 2025  | 31          | 7.52                     |



| Cash Flows   | Due Date                    | Date of Payment             | No. of Days | Amount(Rs.)              |
|--------------|-----------------------------|-----------------------------|-------------|--------------------------|
|              |                             |                             |             | Category I, II, III & IV |
| 82nd coupon  | Saturday, March 01, 2025    | Saturday, March 01, 2025    | 28          | 6.81                     |
| 83rd coupon  | Tuesday, April 01, 2025     | Tuesday, April 01, 2025     | 31          | 7.54                     |
| 84th coupon  | Thursday, May 01, 2025      | Friday, May 02, 2025        | 31          | 7.54                     |
| 85th coupon  | Sunday, June 01, 2025       | Monday, June 02, 2025       | 31          | 7.54                     |
| 86th coupon  | Tuesday, July 01, 2025      | Tuesday, July 01, 2025      | 29          | 7.06                     |
| 87th coupon  | Friday, August 01, 2025     | Friday, August 01, 2025     | 31          | 7.54                     |
| 88th coupon  | Monday, September 01, 2025  | Monday, September 01, 2025  | 31          | 7.54                     |
| 89th coupon  | Wednesday, October 01, 2025 | Wednesday, October 01, 2025 | 30          | 7.30                     |
| 90th coupon  | Saturday, November 01, 2025 | Saturday, November 01, 2025 | 31          | 7.54                     |
| 91st coupon  | Monday, December 01, 2025   | Monday, December 01, 2025   | 30          | 7.30                     |
| 92nd coupon  | Thursday, January 01, 2026  | Thursday, January 01, 2026  | 31          | 7.54                     |
| 93rd coupon  | Sunday, February 01, 2026   | Monday, February 02, 2026   | 32          | 7.79                     |
| 94th coupon  | Sunday, March 01, 2026      | Monday, March 02, 2026      | 28          | 6.81                     |
| 95th coupon  | Wednesday, April 01, 2026   | Wednesday, April 01, 2026   | 30          | 7.30                     |
| 96th coupon  | Friday, May 01, 2026        | Saturday, May 02, 2026      | 31          | 7.54                     |
| 97th coupon  | Monday, June 01, 2026       | Monday, June 01, 2026       | 30          | 7.30                     |
| 98th coupon  | Wednesday, July 01, 2026    | Wednesday, July 01, 2026    | 30          | 7.30                     |
| 99th coupon  | Saturday, August 01, 2026   | Saturday, August 01, 2026   | 31          | 7.54                     |
| 100th coupon | Tuesday, September 01, 2026 | Tuesday, September 01, 2026 | 31          | 7.54                     |
| 101st coupon | Thursday, October 01, 2026  | Thursday, October 01, 2026  | 30          | 7.30                     |
| 102nd coupon | Sunday, November 01, 2026   | Monday, November 02, 2026   | 32          | 7.79                     |
| 103rd coupon | Tuesday, December 01, 2026  | Tuesday, December 01, 2026  | 29          | 7.06                     |
| 104th coupon | Friday, January 01, 2027    | Friday, January 01, 2027    | 31          | 7.54                     |
| 105th coupon | Monday, February 01, 2027   | Monday, February 01, 2027   | 31          | 7.54                     |
| 106th coupon | Monday, March 01, 2027      | Monday, March 01, 2027      | 28          | 6.81                     |
| 107th coupon | Thursday, April 01, 2027    | Thursday, April 01, 2027    | 31          | 7.54                     |

| Cash Flows                   | Due Date                      | Date of Payment               | No. of Days  | Amount(Rs.)              |
|------------------------------|-------------------------------|-------------------------------|--------------|--------------------------|
|                              |                               |                               |              | Category I, II, III & IV |
| 108th coupon                 | Saturday, May 01, 2027        | Monday, May 03, 2027          | 32           | 7.79                     |
| 109th coupon                 | Tuesday, June 01, 2027        | Tuesday, June 01, 2027        | 29           | 7.06                     |
| 110th coupon                 | Thursday, July 01, 2027       | Thursday, July 01, 2027       | 30           | 7.30                     |
| 111th coupon                 | Sunday, August 01, 2027       | Monday, August 02, 2027       | 32           | 7.79                     |
| 112th coupon                 | Wednesday, September 01, 2027 | Wednesday, September 01, 2027 | 30           | 7.30                     |
| 113th coupon                 | Friday, October 01, 2027      | Friday, October 01, 2027      | 30           | 7.30                     |
| 114th coupon                 | Monday, November 01, 2027     | Monday, November 01, 2027     | 31           | 7.54                     |
| 115th coupon                 | Wednesday, December 01, 2027  | Wednesday, December 01, 2027  | 30           | 7.30                     |
| 116th coupon                 | Saturday, January 01, 2028    | Saturday, January 01, 2028    | 31           | 7.54                     |
| 117th coupon                 | Tuesday, February 01, 2028    | Tuesday, February 01, 2028    | 31           | 7.54                     |
| 118th coupon                 | Wednesday, March 01, 2028     | Wednesday, March 01, 2028     | 29           | 7.04                     |
| 119th coupon                 | Saturday, April 01, 2028      | Saturday, April 01, 2028      | 31           | 7.52                     |
| 120th coupon                 | Wednesday, April 05, 2028     | Wednesday, April 05, 2028     | 4            | 0.97                     |
| Principal/<br>Maturity value | Wednesday, April 05, 2028     | Wednesday, April 05, 2028     | -            | 1,000.00                 |
| <b>Total</b>                 |                               |                               | <b>3,653</b> | <b>1,888.22</b>          |

\* Based on current Issue Closing date (March 22, 2018) and post Issue timelines; subject to further change.

1. Fiscal 2020, Fiscal 2024 and Fiscal 2028, being leap years, interest payable has been calculated for 366 days (the calculations for these 3 years above will have to change for 366 days);

2. Since the 2nd, 12th, 16th, 19th, 22nd, 24th, 30th, 36th, 39th, 48th, 56th, 60th, 65th, 72nd, 76th, 79th, 84th, 85th, 93rd, 94th, 96th, 102nd, 108th and 111th Coupon/Interest Payment Dates are falling on a non Working Day, interest is payable on the next Working Day along with interest for additional day/s as applicable.

3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices

#### Cash Flow Illustration – Series VI

|  |                              |                          |
|--|------------------------------|--------------------------|
| Company  | Edelweiss Retail Finance Ltd |                          |
| Face value (per security)                        | 1,000.00                     |                          |
| Issue Date/ Date of Allotment (tentative)*       | Wednesday, March 07, 2018    | Thursday, April 05, 2018 |
| Redemption                                       | Wednesday, April 05, 2028    |                          |
| Coupon Rate for Category I, II and III investors | 9.25% p.a.                   |                          |

|  |  |
|--|--|
| Frequency of the interest payment with specified dates | Annually on April 05, 2019; April 05, 2020; April 05, 2021; April 05, 2022; April 05, 2023; April 05, 2024; April 05, 2025; April 05, 2026; April 05, 2027 and on April 05, 2028 |
| Day count convention                                   | Actual/ Actual   |

| Cash Flows                | Due Date                  | Date of Payment           | No. of Days  | Amount(Rs.)              |
|---------------------------|---------------------------|---------------------------|--------------|--------------------------|
|                           |                           |                           |              | Category I, II, III & IV |
| 1st coupon                | Friday, April 05, 2019    | Friday, April 05, 2019    | 365          | 92.50                    |
| 2nd coupon                | Sunday, April 05, 2020    | Monday, April 06, 2020    | 367          | 92.75                    |
| 3rd coupon                | Monday, April 05, 2021    | Monday, April 05, 2021    | 364          | 92.25                    |
| 4th coupon                | Tuesday, April 05, 2022   | Tuesday, April 05, 2022   | 365          | 92.50                    |
| 5th coupon                | Wednesday, April 05, 2023 | Wednesday, April 05, 2023 | 365          | 92.50                    |
| 6th coupon                | Friday, April 05, 2024    | Friday, April 05, 2024    | 366          | 92.50                    |
| 7th coupon                | Saturday, April 05, 2025  | Saturday, April 05, 2025  | 365          | 92.50                    |
| 8th coupon                | Sunday, April 05, 2026    | Monday, April 06, 2026    | 366          | 92.75                    |
| 9th coupon                | Monday, April 05, 2027    | Monday, April 05, 2027    | 364          | 92.25                    |
| 10th coupon               | Wednesday, April 05, 2028 | Wednesday, April 05, 2028 | 366          | 92.50                    |
| Principal/ Maturity value | Wednesday, April 05, 2028 | Wednesday, April 05, 2028 | -            | 1,000.00                 |
| <b>Total</b>              |                           |                           | <b>3,653</b> | <b>1,925.00</b>          |

\* Based on current Issue Closing date (March 22, 2018) and post Issue timelines; subject to further change.

1. Fiscal 2020, Fiscal 2024 and Fiscal 2028, being leap years, interest payable has been calculated for 366 days (the calculations for these 3 years above will have to change for 366 days);
2. Since the 2nd and 8th Coupon/Interest Payment Dates are falling on a non Working Day, interest is payable on the next Working Day along with interest for additional day/s as applicable.
3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices

Assumptions:

1. For the purpose of above illustrations, it is assumed that only Sundays are non-Working Day.
2. For the purpose of above illustrations, the Deemed Date of Allotment has been assumed as April 05, 2018. If the Deemed Date of Allotment undergoes a change, the coupon payment dates, redemption dates, redemption amounts and other cash flow workings shall be changed accordingly.