EDELWEISS HOUSING FINANCE LIMITED

Edelweiss Housing Finance Limited (the "**Company**" or "**Issuer**") was incorporated at Mumbai on May 30, 2008 as a public limited company with the name 'Edelweiss Housing Finance Limited' under the provisions of the Companies Act, 1956. The Company received its certificate for commencement of business on June 12, 2008. Our Company is registered with the National Housing Bank ("**NHB**") as housing finance company *vide* registration no. 03.0081.10 dated March 18, 2010. For more information about our Company, please refer "*General Information*" and "*History and Main Objects*" on pages *40 and 108*.

Registered Office and Corporate Office: Edelweiss House, Off C.ST. Road, Kalina, Mumbai 400098, Maharashtra, India; **Tel.:** +91 22 4009 4400; **Fax:** +91 22 4019 4952; **CIN:** U65922MH2008PLC182906; **PAN**: AABCE9808N; **Website:** http://www.edelweisshousingfin.com; **Email:** investorgrievances@edelweissfin.com

Company Secretary and Compliance Officer: Vinay Tripathi; **Tel.:** +91 22 4009 4400; **Email:** investorgrievances@edelweissfin.com

PUBLIC ISSUE BY THE COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE ₹ 1,000 EACH ("NCDs" OR "DEBENTURES"), AMOUNTING TO ₹1,500 MILLION ("BASE ISSUE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹1,500 MILLION AGGREGATING UP TO ₹3,000 MILLION, HEREINAFTER REFERRED TO AS THE "ISSUE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SEBI NCS REGULATIONS, THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED AND THE SEBI OPERATIONAL CIRCULAR. THE ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTERS

(i) Edelweiss Financial Services Limited; **Email**: cs@edelweissfin.com; **Tel**: +91 22 4009 4400, (ii) Edelweiss Rural & Corporate Services Limited; **Email**: cs@edelweissfin.com; **Tel**: +91 4040316900, and (iii) Edel Finance Company Limited; **Email**: cs@edelweissfin.com; **Tel**: +91 22 4009 4400. For details of our Promoters, see *"Our Promoter"* on page 119.

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 chapters *"Risk Factors"* and *"Material Developments"* on pages 14 and 223, respectively, before making an investment in such Issue. This Draft 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**"), National Housing Bank ("**NHB**"), any registrar of companies or any stock exchange in Indian or do they guarantee the accuracy or adequacy of this document.

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

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the NCDs, please see "*Issue Related Information*" on page 281.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated CRISIL AA-/ Negative (pronounced as CRISIL double A minus rating with Negative outlook) for an amount of ₹ *5,000 million* by CRISIL Limited *vide* their rating letter dated December 13, 2021 and "ACUITE AA/Negative" (pronounced as ACUITE double A rating with Negative outlook)for an amount of ₹5,000 million by Acuité Ratings & Research Limited *vide* their rating letter dated December 29, 2021. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexure A and Annexure B* of this Draft Prospectus for the rating, rating rationale and press release of the above rating.

LISTING

The NCDs offered through the Draft Prospectus and Prospectus are proposed to be listed on BSE Limited ("**BSE**") and BSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE *vide* their letter no. [•] dated [•], 2021.

PUBLIC COMMENTS

The Draft Prospectus dated December 31, 2021, 2021 has been filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations and is open for public comments for a period of seven Working Days (i.e., until 5 p.m. on [•]) from the date of filing of this Draft Prospectus with the Stock Exchange. All comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company.

LEAD MANAGERS TO THE ISSUE#		REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE
Equirus Capital Private Limited 12th Floor, C Wing, Marathon Futurex N.M. Joshi Marg, Lower Parel Mumbai 400 013 **Tel**: +91 22 4332 0700 **Email:** ehfl.ncd@equirus.com **Contact person:** Ankit Jain	**Edelweiss Financial Services Limited#** Edelweiss House Off CST Road, Kalina Mumbai – 400 098 Maharashtra, India **Telephone No.**: +91 22 4086 3535 **Email**: ehfl.ncd@edelweissfin.com **Contact Person**: Lokesh Singhi	**KFIN Technologies Private Limited** ***(formerly known as Karvy Fintech Private Limited)*** Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032 **Tel**: +91 40 6716 2222 **Fax**: +91 40 2343 1551 **Email**: ehfl.ncdipo@kfintech.com **Website**: www.kfintech.com **Contact Person**: M Murali Krishna	**Beacon Trusteeship Limited*** 4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club Bandra (East), Mumbai 400 051 **Tel.**: +91 22 2655 8759 **Email**: investorgrievances@beacontrutee.co.in **Website**: www.beacontrustee.co.in **Contact Person**: Kaustubh Kulkarni

CREDIT RATING AGENCY		STATUTORY AUDITOR
Acuité Ratings & Research Limited 708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East), Mumbai 400 042 **Tel**: + 91 22 4929 4000 **Email**: chitra.mohan@acuite.in **Website**: www.acuite.in **Contact Person**: Ms. Chitra Mohan	**CRISIL Limited** CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076 **Tel**: + 91 22 3342 3000 (B) **Email**: crisilratingdesk@crisil.com **Website**: www.crisil.com **Contact Person**: Krishnan Sitaraman	**NGS & Co. LLP** B-46, Pravasi Estate, V.N. Road, Goregaon (East), Mumbai 400 063 Maharashtra, India **Tel**: +91. 22. 4908 4401 **Email**: info@ngsco.in **Contact Person**: R.P. Soni

ISSUE PROGRAMME**

Issue opens on: [•]	Issue Closes on: [•]

 # Edelweiss Financial Services Limited 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, Edelweiss Financial Services Limited would be involved only in marketing of the Issue and as per Regulation 25 (3) of SEBI NCS Regulations, and shall not issue a due diligence certificate.

**Beacon Trusteeship Limited under regulation 8 of SEBI NCS Regulations has by its letter dated December 29, 2021 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus, Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue.*

***The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the Prospectus, 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 or the Operations Committee, subject to relevant approvals. 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 and a regional daily with wide circulation where the registered office of the Company is located 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 Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please refer to our section titled "General Information" on page 40.*

A copy of the Prospectuses shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please see "Material Contracts and Documents for Inspection" on page 335.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth herein. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Draft Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Draft Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

General Terms

Term	Description
EFSL	Edelweiss Financial Services Limited.
"EHFL" or "Company" or "the Issuer"	Edelweiss Housing Finance Limited, a public limited company incorporated under the Companies Act, 1956, and having its Registered Office at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai 400 098, Maharashtra, India.
ERCSL	Edelweiss Rural and Corporate Services Limited.
"we" or "us" or "our"	Unless the context otherwise requires, Edelweiss Housing Finance Limited

Company Related Terms

Term	Description
Articles or Articles of Association or AOA	Articles of Association of our Company
Audit Committee	Audit committee of the Board of Directors
Auditors or Statutory Auditors	The current statutory auditors of our Company, M/s. NGS & Co. LLP, Chartered Accountants
Board or Board of Directors or our Board or our Board of Directors	Board of Directors of our Company or any duly constituted committee thereof.
Corporate Social Responsibility Committee	Corporate social responsibility committee of the Board of Directors
Committee	A committee constituted by the Board, from time to time.
Directors	Directors of the Company
Equity Shares	Equity shares of the Company of face value of ₹ 10 each
ESOPs	Employee stock options
Independent Director(s)	The independent director(s) on our Board, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations
KMP / Key Managerial Personnel	Key managerial personnel of our Company as disclosed in this Draft Prospectus and appointed in accordance with Key Managerial Personnel, as defined under Section 2(51) of the Companies Act, 2013
LAP	Loan against property
Loan Book	Loan book of the Company containing loans and advances to the borrowers.
Loans Book (Net)	Loan Book net of expected credit loss allowance.
"MoA" or "Memorandum" or "Memorandum of Association"	Memorandum of association of our Company
Nomination and Remuneration Committee	Nomination and remuneration committee of the Board of Directors
Networth	As defined in Section 2(57) of the Companies Act, 2013, as follows: "*Networth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit*

Term	Description
	and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.”
Operations Committee	Operations committee as constituted by the Board of Directors
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 of the SEBI ICDR Regulations.
Promoters	The promoters of our Company are Edelweiss Financial Services Limited, Edelweiss Rural & corporate Service Limited and Edel Finance Company Limited.
Unaudited Interim Financial Results	The unaudited financial information of the Company for the quarter ended September 30, 2021 and year to date April 1, 2021 to September 30, 2021 prepared by our Company in the manner and format required by the SEBI Listing Regulations
Reformatted Financial Information	The reformatted statement of assets and liabilities of our Company as at March 31, 2021, March 31, 2020 and March 31, 2019 and the reformatted statement of profit and loss for the year ended 2021, 2020 and 2019 and the reformatted statement of cash flows for the year ended 2021, 2020 and 2019 and the reformatted statement of changes in equity for the year ended 2021, 2020 and 2019. Our audited financial statements as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 form the basis for such Reformatted Financial Information
Registered Office	The registered office of our Company is situated at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai 400 098, Maharashtra, India
Risk Committee	Risk Committee of the Board of Directors
RoC/ Registrar of Companies	Registrar of Companies, Maharashtra at Mumbai
Shareholders	The holders of the Equity Shares from time to time
Stakeholders’ Relationship Committee	Stakeholders’ relationship committee as constituted by the Board of Directors
Total Borrowing(s)/ Total Debt	Debt securities plus borrowings (other than debt securities), subordinated liabilities and deposits.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement Slip/ Transaction Registration Slip/ TRS	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Acuité/ Acuite	Acuité Ratings & Research Limited
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
“Allotment”, “Allot” or Allotted	Unless the context otherwise requires, the allotment of NCDs to the 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” or “Investor”	Any person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of this Draft Prospectus, the Prospectus, the Abridged Prospectus and the Application Form
“Application” or “ASBA Application”	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail investors for an Application Amount of upto ₹ 200,000 which will be considered as the application for Allotment in terms of this Draft Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs in terms of this Draft Prospectus.
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be

Term	Description
	blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form by an Applicant and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value upto ₹ 200,000
ASBA Circular	Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Banker(s) to the Issue	Collectively Public Issue Account Bank, Refund Bank and Sponsor Bank
Base Issue Size	₹ 1,500 million
Basis of Allotment	The basis on which NCDs will be allotted to applicants as described in "*Issue Procedure – Basis of Allotment*" on page 323.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the websites of the Stock Exchange at www.bseindia.com.
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Brokers are available on the website of the Stock Exchange i.e. www.bseindia.com.
Category I (Institutional Investors)	• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements; • 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 • Mutual funds registered with SEBI.
Category II (Non-Institutional Investors)	• 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 authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms 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). • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons
Category III (High Net Worth Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 1,000,000 across all options of NCDs in the Issue

Term	Description
Category IV (Retail Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 1,000,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations in terms of the SEBI Operational Circular
Credit Rating Agencies	Acuité and CRISIL
Debentures / NCDs	Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each
Debenture Holder(s)/ NCD Holder(s)	The holders of the NCDs whose name appears in the database of the Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law.
Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and our Company which shall be executed in relation to the NCDs within the time limit prescribed by applicable statutory and/or regulatory requirements, including creation of appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon issued pursuant to the Issue. The contents of the Debenture Trust Deed shall be as prescribed by SEBI or any other applicable statutory/regulatory body from time to time.
Debenture Trustee/ Trustee	Trustees for the NCD holders in this case being Beacon Trusteeship Limited
Debenture Trustee Agreement	Agreement dated December 22, 2021 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue, is agreed as between our Company and the Debenture Trustee
Deemed Date of Allotment	The date on which the Board of Directors/or the Operations Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Operations Committee thereof 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 Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The demographic details of the Applicants such as their respective addresses, email, PAN, investor status, MICR Code and bank account detail
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi= yes&intmId=34 or at such other websites as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the website of the Stock Exchange at www.bseindia.com
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of the Draft Prospectus following which the NCDs will be Allotted in the Issue
Designated Intermediaries	Collectively, the Lead Manager, the Lead Brokers, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue
Designated RTA Locations	Such locations of the CRTAs where Applicants can submit the ASBA Forms to CRTAs, a list of which, along with names and contact details of the CRTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange.
Designated Stock Exchange	The designated stock exchange for the Issue, being the BSE Limited
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus	This Draft Prospectus dated December 31, 2021 filed with the Designated Stock Exchange for receiving public comments and with, SEBI in accordance with the

Term	Description
	provisions of the Companies Act, 2013 and the SEBI NCS Regulations
Interest Payment Date / Coupon Payment Date	Please see the section titled "*Issue Related Information*" on page 281
Issue	Public Issue by the Company of Secured, Redeemable, Non-Convertible Debentures of face value ₹ 1,000 Each ("**NCDs**" or "**Debentures**"), amounting to ₹1,500 Million with an option to retain over-subscription up to ₹1,500 Million aggregating up to ₹3,000 Million, hereinafter referred to as the "Issue". The Issue is being made pursuant to the provisions of SEBI NCS Regulations, The Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Operational Circular.
Issue Agreement	The Issue Agreement dated December 31, 2021 entered between the Company and Equirus Capital Private Limited and Edelweiss Financial Services Limited the Lead Managers to the Issue
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms
Lead Broker Agreement / Consortium Agreement	Lead Broker Agreement/Consortium Agreement dated [●] entered between the Company, Lead Managers and the Lead Broker / Consortium Members to the Issue.
Lead Brokers/ Consortium Member(s)	[●]
Lead Managers	Equirus Capital Private Limited and Edelweiss Financial Services Limited* **Edelweiss Financial Services Limited 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, Edelweiss Financial Services Limited would be involved only in marketing of the Issue and as per Regulation 25 (3) of SEBI NCS Regulations, and shall not issue a due diligence certificate.*
Market Lot	1 (One) NCD
Members of the Syndicate	Members of the Syndicate includes Lead Managers and Syndicate Member(s)
Mobile App(s)	The mobile applications listed on the website of Stock Exchange as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
Redemption Amount	Please see the section titled "*Issue Related Information*" on page *281*
"Maturity Date" or "Redemption Date"	Please see the section titled "*Issue Related Information*" on page 281
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Offer Document	This Draft Prospectus, the Prospectus, the Abridged Prospectus and Application Form
Public Issue Account	[●]
Public Issue Account and Sponsor Bank Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and the Sponsor Bank and the Lead Managers for the appointment of the Sponsor Bank in accordance with the SEBI Operational Circular for collection of the Application Amounts from ASBA Accounts and where applicable, refunds from the amounts collected from the Applicants on the terms and conditions thereof.
Public Issue Account Bank	[●]
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors or the Operations Committee or such other Committee (as may be authorised by the Board in this regard from time to time) in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.

Term	Description
	In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Recovery Expense Fund	An amount to be deposited by our Company with the Designated Stock Exchange, equal to 0.01% of the issue size, subject to a maximum of deposit of ₹2,500,000 at the time of making the application for listing of NCDs.
Refund Account	Account to be opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount
Refund Bank	[●]
Register of NCD holders	The register of NCD holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD holders maintained by the Registrar
Registrar Agreement	Agreement dated December 31, 2021 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
Registrar to the Issue or Registrar	KFIN Technologies Private Limited *(formerly known as Karvy Fintech Private Limited)*
Resident Individual	An individual who is a person resident in India as defined in the FEMA
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of pari-passu charge on the assets of the company including Loans and Advances, Receivables, Investments, Current & Other Assets and immovable property / Fixed Assets held by the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari- passu charge in favour of the Debenture Trustee in relation to the NCDs.
"Self-Certified Syndicate Banks" or "SCSBs"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Series/Option	Please see the section titled "*Issue Related Information*" on page 281
"Specified Cities" or "Specified Locations"	Bidding centres where the Members of the Syndicate shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI athttps://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Sponsor Bank	A Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchange and NPCI in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value upto ₹ 200,000 and carry out any other responsibilities in terms of the UPI Mechanism Circular and as specified in this Draft Prospectus.
Stock Exchange	BSE
Syndicate ASBA	Applications through the Syndicate or the Designated Intermediaries
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Lead Brokers, the Trading Members of the Stock Exchange or the Designated Intermediaries.
Syndicate Bidding Centres	Syndicate Bidding Centres established for acceptance of Application Forms
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

Term	Description
	receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Tenor	Please see the section titled "*Issue Related Information*" on page 281
Trading Members	Intermediaries registered with a Lead Broker or a sub-broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange.
Transaction Documents	Transaction documents shall mean *this* Draft Prospectus, and *th*e Prospectus read with any notices, corrigenda, addenda thereto, Issue Agreement, Registrar Agreement, Debenture Trustee Agreement, Debenture Trust Deed, Tripartite Agreements executed or to be executed by our Company, as the case may be. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 335.
Tripartite Agreements	Tripartite Agreement dated June 16, 2016 entered into between our Company, the Registrar to the Issue and NSDL and Tripartite Agreement dated June 17, 2016 entered into between our Company, the Registrar to the Issue and CDSL for offering demat option to the NCD Holders.
"UPI" or "UPI Mechanism"	Unified Payments Interface mechanism in accordance with SEBI Operational Circular to block funds for application value upto ₹ 200,000 submitted through intermediaries, namely the Registered Stock brokers, Lead Brokers, Registrar and Transfer Agent and Depository Participants.
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India.
"UPI Mandate Request" or "Mandate Request"	A request initiated by the Sponsor Bank on the Retail Individual Investor to authorize blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount and subsequent debit of funds in case of allotment.
Wilful Defaulter(s)	Wilful defaulter means an issuer who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.
Working Days	Working Day(s) 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 bank holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai, as per the SEBI Operational Circular, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Conventional and General Terms or Abbreviations

Term/ Abbreviation	Description/Full Form
"₹", "Rupees", "INR" or "Indian Rupees"	The lawful currency of the Republic of India
"US$", "USD", and "U.S. Dollars"	The lawful currency of the United States of America
ACH	Automated Clearing House
AGM	Annual General Meeting
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM system in relation to NBFCs
AMC	Asset Management Company
AS or Accounting Standards	Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014as amended from time to time
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations,

Term/ Abbreviation	Description/Full Form
	2012 as amended from time to time
ASBA	Application supported by blocked amounts
AUM	Assets Under Management
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016
BSE	BSE Limited
CAGR	Compounded annual growth rate over a specified period of time of a given value (the year-over-year growth rate)
Industry Report on Housing Finance	Research Report on *Industry Report on Housing Finance* prepared by CARE Advisory Research and Training Limited (CareEdge Research).
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act/ Companies Act, 2013	Companies Act, 2013 and the rules made thereunder
CPC	Code of Civil Procedure, 1908
CRAR	Capital to risk-weighted assets ratio means (Tier I Capital + Tier II Capital)/ Total Risk Weighted Assets *100
CrPC	Code of Criminal Procedure, 1973
CY	Calendar Year
Depositories	CDSL and NSDL
Depositories Act	Depositories Act, 1996
Depository(ies)	NSDL and /or CDSL
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository Participant as defined under the Depositories Act, 1996
DT Circular	Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 issued by SEBI on November 3, 2020, as amended from time to time
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EOW	Economic Offences Wing
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations/ FEMA20I	FEMA (Non-debt Instruments) Rules, 2019, as amended from time to time
FII	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investor as defined and registered under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.
"Financial Year", "Fiscal" or "FY" or "for the year ended"	Period of 12 months ended March 31 of that particular year
GDP	Gross Domestic Product
"Government"	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax
HNI	High Net worth Individual
HFC	Housing Finance Company
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy, 2016
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
"Income Tax Act" or "IT Act"	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 and notified by the Ind AS Rules
Ind AS Rules	Indian Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2015 as amended from time to time

Term/ Abbreviation	Description/Full Form
India	Republic of India
IPC	Indian Penal Code, 1860
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
ITR	Income Tax Returns
KYC	Know Your Customer
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MLD	Market Linked Debentures
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987
NAV	Net Asset Value
NBFC	Non-Banking Financial Company, as defined under Section 45-IA of the RBI Act
NEFT	National Electronic Fund Transfer
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PCR	Provisioning Coverage Ratio
PMLA	Prevention of Money Laundering Act, 2002
PP MLD	Principal Protected Market Linked Debentures
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RBI Master Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016
RERA	Real Estate Regulatory Authority
RERAD Act	Real Estate Regulation and Development Act, 2016
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and circulars issued thereunder
SEBI Operational Circular	SEBI circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021
Stage 1 Assets	Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition or that have low credit risk at the reporting date as defined under Ind AS
Stage 1 Provision	Stage 1 provision are 12-month ECL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit

Term/ Abbreviation	Description/Full Form
	risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS
Stage 2 Provision	Stage 2 provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS
Stage 3 Provision	Stage 3 provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
TDS	Tax Deducted at Source
Trademarks Act	Indian Trademarks Act, 1999

Technical and Industry Related Terms

Term/Abbreviation	Description/Full Form
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
LTV	Ratio of loan to the collateral value
MFI	Microfinance institutions
NPA	Non-Performing Assets
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-MFI	An NBFC-MFI is defined as a non-deposit taking NBFC which extends loans to Micro Finance Sector
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically important Non-Deposit taking NBFC
Owned Funds	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
Prudential Norms	Prudential norms as provided under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
MSME	Micro, Small and Medium Enterprises
Tier I Capital	Tier I capital means"Tier I Capital" means owned fund as reduced by investment in shares of other nonbanking financial companies including housing finance 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 per cent of the owned fund.
Tier II Capital	Tier-II capital 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; (e) subordinated debt; to the extent the aggregate does not exceed Tier I capital.

Notwithstanding the foregoing, the terms defined as part of "General Information", "Risk Factors" "Industry Overview", "Regulations and Policies", "Statement of Possible Tax Benefits", "Summary of Key Provisions of Articles of Association", "Financial Information" and "Other Regulatory and Statutory Disclosures" on pages 40, 14, 66, 123, 56, 326, 137 and 265, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of the sections "Our Business", "Risk Factors", "Industry Overview" and "Regulations and Policies", on pages 89, 14, 66 and 123, respectively, shall have the meaning ascribed to them hereunder.

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

Certain Conventions

In this Draft Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to “we”, “us”, “our”, “Edelweiss Housing Finance Limited” and “our Company” are to Edelweiss Housing Finance Limited. Unless stated otherwise, all references to page numbers in this Draft Prospectus are to the page numbers of this Draft Prospectus.

All references in this Draft Prospectus to “India” are to the Republic of India and its territories and possessions. All references to the “Government” or “State Government” are to Government of India, Central or State, as applicable.

Presentation of Financial Information

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Prospectus are to a calendar year and references to a Fiscal/Fiscal Year are to the year ended on March 31 of that calendar year.

In accordance with the Road Map for Ind AS implementation, issued by MCA, our Company is required to prepare its financial statements in accordance with Ind AS for periods beginning on or after April 1, 2018. For the purposes of disclosure in this Draft Prospectus, we have prepared and presented our reformatted Ind AS financial information for the latest Fiscals (in this case, for Fiscal 2021, 2020 and 2019). Accordingly, our Company’s audited financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 have been prepared in accordance with IndAS and have been audited by S.R. Batliboi & Co LLP, Chartered Accountants.

Our Company’s audited financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 form the basis of preparation of the Reformatted Financial Information which is included in this Draft Prospectus and is referred to hereinafter as the “**Reformatted Financial Information**” in the section titled “*Financial Information*” on page 137.

The Unaudited Interim Financial Results of our Company have been prepared in accordance with recognition and measurement principles laid down in the aforesaid Ind AS 34 “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued there-under and other accounting principles generally accepted in India and Regulation 33 of the SEBI Listing Regulations. The limited review reports on the Unaudited Interim Financial Results have been issued by S.R. Batliboi & Co LLP, Chartered Accountants. For further details refer section titled “*Financial Information*” on page 137.

Unless stated otherwise or unless the context requires otherwise, the financial data as at and for the year ended March 31, 2021, March 31, 2020 and March 31 2019 used in this Draft Prospectus is derived from our Reformatted Financial Information. Additionally, unless stated otherwise or unless the context requires otherwise, the financial data as at and for the quarter ended September 30, 2021 and year to date April 1, 2021 to September 30, 2021 used in this Draft Prospectus, is derived from our Company’s Unaudited Interim Financial Results.

Further, Unaudited Interim Financial Results are not indicative of full year results and are not comparable with annual financial information. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Draft 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 Draft Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Prospectus is meaningful depends on the readers’ familiarity with and understanding of methodologies used in compiling such data.

Currency and Unit of Presentation

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

Except where stated otherwise in this Draft Prospectus, all figures have been expressed in 'in millions'. 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'.

Certain figures contained in this Draft Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Industry and Market Data

Any industry and market data used in this Draft Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CARE, 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 Draft 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 Draft 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.

General Risk

Investment in NCDs involve a degree of risk and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under section "*Risk Factors*" on page 14. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft 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 Draft 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, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share;
- Performance of the financial and capital markets in India and globally;
- We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition;
- tour ability to manage our credit quality;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Our inability to successfully diversify our portfolio;
- Any disruption in our sources of funding;
- Our inability to obtain or maintain statutory or regulatory approvals and licenses for conducting our business;
- Performance of the Indian debt and equity markets;
- Performance of, and the prevailing conditions affecting, the real estate market in India;
- Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations; and
- Any increase in the levels of non-performing assets ("**NPA**") on our loan portfolio, for any reason; whatsoever, would adversely affect our business and results of operations.

For further discussion of factors that could cause our actual results to differ, see "*Risk Factors*" on page 14.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "*Industry Overview*", "*Our Business*" and "*Legal and Other Information*" on pages 66, 89 and 239. The forward-looking statements contained in this Draft 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 at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's 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 our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors, its KMPs and officers, nor any of their respective affiliates or associates or the Lead Managers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II – RISK FACTORS

An investment in this type of security involves a certain degree of risk. The investor should carefully consider all the information contained in this Draft Prospectus, including the risks and uncertainties described below, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risks that may arise in connection with our business or any decision to purchase, own or dispose of the Debentures. 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 Draft 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 Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with Reformatted Financial Statements and the Limited Review Financial Results as included in this Draft Prospectus.

1. ***We are an HFC and therefore subject to various regulatory and legal requirements. 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 HFC in India are subject to various regulations framed by the Ministry of Corporate Affairs, the NHB and RBI, amongst others. We are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a 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, RBI and the NHB. As per the RBI Master Directions, every HFC is required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and tier II capital. Currently HFCs are required to comply with a CRAR, consisting of Tier I and Tier II capital of at least 14% on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter, of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. In particular, at no point can our total Tier II capital exceed 100% of the Tier I capital. For further details, see "*Regulations and Policies*" on page 123. This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. Our capital adequacy ratio, calculated in accordance with Ind AS, was 26.49% and 22.00% as at March 31, 2021 and September 30, 2021.

   As our asset book grows further our CRAR may decline and this may require us to raise fresh capital. There is no assurance that RBI will not increase the minimum capital adequacy requirements. Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels, we cannot guarantee that we will be able to obtain this capital on favourable terms, in a timely manner or at all.

   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 the 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 with respect to the housing finance industry in general.

2. ***The COVID-19 pandemic poses unprecedented challenges to the economy and to our business. It has adversely impacted and continues to impact our ability to originate loans, our customers' ability to service our loans, our liquidity and our employees. Such effects, if they continue for a prolonged period, may have a material adverse effect on our business and results of operations.***

The COVID-19 pandemic has had, and continues to have, a significant impact on the Indian economy and the communities in which we operate. India's GDP contracted by 7.3% in Fiscal 2021, primarily on account of the nationwide lockdown imposed by the Government to curb the spread of COVID-19 in the first two quarters of Fiscal 2021 and subsequently due to the second wave in the last quarter of Fiscal 2021. More recently the Omicron variant of the virus is causing turmoil across the world and is already leading to partial lockdowns or restrictions. The COVID-19 outbreak has adversely impacted India's financial services industry this year as there is (i) uncertainties over the duration and the severity of the COVID-19 pandemic; (ii) a downturn in the global economy and consequent impact to India's economy; (iii) weakening purchasing power because of weak economic growth; and (iv) worsening asset quality due to weak economic condition.

Our business operations were also adversely impacted by the lockdown restrictions imposed initially by Government of India and subsequently by various state governments in India have affected our business operations. Our customer facing activities, back-office operations, recoveries and others for loan-related verifications and processing were impacted. COVID-19 pandemic has also impacted our origination of loans. Additionally, home sales slowed during the Fiscal 2021, and future growth may be uncertain. If the COVID-19 pandemic leads to a prolonged economic downturn with sustained high unemployment rates, we anticipate that real estate transactions may be affected. Any such slowdown may materially decrease the number and volume of loans we originate. Further, a majority of our customers are retail customers who belong to economically weaker and low-to-middle income segments. Due to the slowdown and downturn in the global and Indian economies, it is possible that large-scale furloughs, terminations of employees, reductions in salaries or closure of businesses during lockdowns may lead to loss of pay or income of our customers which may lead to increased defaults by our customers. Further, an overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. In addition, economic deterioration could lead to significantly higher interest rates for our customers which could increase the number of customers who face difficulty paying the amounts due on their loans.

The lockdown imposed by the Government of India and state/local authorities also led to widespread reverse migration of migrant labour from various cities and towns of India. As the real estate industry employs a large number of migrant labour for construction, the ability to complete and handover housing projects in time may be adversely affected, which could impact our borrowers' ability to service their loans.

There is no guarantee that we and the Indian financial services industry in general, notwithstanding measures taken by the government, will be able to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 outbreak. We fund substantially all of the loans through borrowings under our various funding facilities. Given the broad impact of COVID-19 on the financial markets, our ability to borrow money to fund our current and future customer demand is uncertain. Our liquidity could also be affected as our lenders reassess their exposure to HFCs and either curtail access to lending facilities or impose higher costs to access such facilities. Our liquidity may be further constrained as there may be less demand by investors to acquire our loans in the secondary market. A liquidity shortage for the industry as a whole may also adversely impact our short to medium term cash flows. Further, S.R. Batliboi LLP have included emphasis of matters in their audit reports on our financial statements for Fiscal 2021, noting our business and financial results will depend on future developments, which are highly uncertain and the actual credit loss could be different from that estimated as of the date of our financial statements. During this period, due to various reasons, including the impact of the pandemic, we have chosen to focus more on risk management rather than Loan book growth with our Loan book de-growing from ₹53,961.94 million as of March 31, 2019, to ₹35,444.14 million as of September 30, 2021, and there is no assurance that COVID-19 will not have a further material adverse effect on our business.

The extent to which the COVID-19 pandemic will impact our financial performance is dependent on future developments, which are uncertain and therefore, our prior financial results are not necessarily indicative of results to be expected for future periods. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section. Further, the outbreak, or threatened outbreak, of any severe communicable disease or pandemic, as seen in the recent outbreak and aftermath of COVID-19, could adversely affect overall business sentiment and environment across industries.

3. ***We require substantial capital for our business and any disruption in our sources of capital could have an adverse effect on our business, results of operations and financial condition.***

Our business and results of operations depend on our ability to raise capital from external sources on a timely manner and on term suitable to us. Historically, our financing requirements have been met from several sources, both debt and equity, including refinancing from the NHB, term loans, working capital loans and issuance of non-convertible debentures to meet our capital requirements. We also monetize loans through securitization to banks and financial institutions Our business thus depends and will continue to depend on our ability to continually access these sources of capital.

Our ability to raise funds on acceptable terms, at competitive rates and in a timely manner, depends on various factors including our credit ratings, our brand equity, our risk management policies, our current and future results of operations and financial condition, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy including the effect of events such as the COVID-19 pandemic. The HFCs and NBFCs in general have anyway been facing difficulties in raising resources after the collapse of a AAA rated financial services company in September 2018.

Further, changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition. Our ability to raise debt to meet our financing requirements is also restricted by the limits prescribed under applicable regulations. For example, the RBI Master Directions permitted HFCs to borrow up to 14 times their net owned funds ("**NOF**") until March 31, 2020, after which this limit was reduced to 13 times of their NOF until March 31, 2021 and will reduce subsequently to 12 times of their NOF until March 31, 2022. As of September 30, 2021, March 31, 2021, March 31, 2020, and March 31, 2019, our Total Borrowings/NOF (Tier I) ratio was 5.67, 5.21, 5.15 and 5.83 times respectively.

Consequently, if we are unable to obtain adequate financing in a timely manner and on commercially reasonable terms, our business, results of operations and financial condition may be adversely affected.

4. ***Any negative events affecting the Indian real estate sector could adversely affect the value of the collateral for our loans, our business and result of operations.***

Our lending products include housing loans and secured business loans and affordable housing project loans. Our AUM is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. In the event the real estate sector is adversely affected due to any reason whatsoever, including without limitation, the passing of any stringent norms regarding construction, floor space index or other compliances, the value of our collateral may diminish which may affect our business and results of operations in the event of a default in repayment by our clients. Also, if any of the projects which form part of our collateral are stalled for any reason for any length of time, the same may affect our ability to enforce our security, thereby effectively diminishing the value of such security.

The primary security for the loans disbursed by us is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time, as well the quality of the construction and the relevant developer. The value of the collateral on the loans disbursed by us may decline due to adverse market conditions including an economic downturn or a downward movement in real estate properties. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collateral may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose us to losses and, in turn, result in a material adverse effect on our business, results of operations, cash flows and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to foreclose on collateral and take certain other actions, including taking over the management of the business of the borrower, and which includes our right to transfer (in any manner) the underlying collateral after 60 days' notice to a borrower whose loan has been classified as non-performing.

Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the value of its collateral, in full or in part. The Debt Recovery Tribunal ("**DRT**") has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT or any other relevant authority. In addition, delays on our part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers, may hinder our ability to realize the full value of security. In the event that a regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. Therefore, there can be no assurance that we will be able to foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to us which may result in a material adverse effect on our business, results of operations, cash flows 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 operations, which could cause our net interest margins to decline and adversely affect our 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.

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. 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 restructure loans, it could adversely affect our profitability. If borrowers prepay loans, the return on our capital may be impaired if we are not able to deploy the received funds at similar interest rates.

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

As of March 31, 2021, 4.91%, 9.11%, 2.07% and 0.08% of our Loan Book were non-performing loans from Housing loans to Individuals, Housing Loans to Corporates, Non-Housing Loans to Individuals and Non-Housing Loans to Others, respectively.

Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended (the "**RBI Directions**"), which are applicable to us, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs, though we follow Ind AS for income recognition against NPAs. There is no assurance that our NPA level will continue to stay at its current level. If the credit quality of our Loan Book deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may be adversely affected. As we intend to continue our efforts to originate new loans, we cannot assure you that there will not be significant additional NPAs in the future.

Further, the RBI Directions on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations. The RBI Directions also prescribe the provisioning required in respect of our outstanding Loan Book. However, we follow Ind AS for provisioning as per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. In the event that the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms, then the difference shall be appropriated from the Net Profit or loss after tax to a separate "Impairment Reserve". Should the overall credit quality of our Loan Book deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. As of September 30, 2021, our gross NPAs, as a percentage of our loans , were 3,41% and our net NPAs as a percentage of our loans were 2.95%. Our provisions for NPAs (ECL provision for Stage 3) as at September 30, 2021, March 31, 2021, March 31, 2020, and March 31, 2019, were ₹ 161.14 million, ₹ 131.73 million, ₹ 110.58 million and ₹ 140.88 million representing a specific provision coverage ratio of 13.34%, 13.73%, 14.54% and 14.33%, respectively of our gross NPAs on Loan Book in those periods/years respectively.

If we are required to increase our provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit after tax and adversely impact our results of operations. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures.

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.

7. ***We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.***

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and medium -term funding sources such as bank loans, non-convertible debentures, refinancing from the NHB, commercial paper, or cash credit. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our operations and financial performance.

The following table describes the ALM of our Company as on March 31, 2021:

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	720.68	563.76	811.57	1,772.24	4,172.25	10,529.42	2,220.20	15,663.51	36,453.62
Investments	65.73	-	-	90.11	-	-	-	1,600.86	1,756.70
Borrowings	1,416.00	687.13	2,495.75	2,403.37	6,311.58	12,986.80	2,542.56	5,970.55	34,813.73
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

8. ***Our Company is subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.***

As of September 30, 2021, our total borrowings were ₹ 29,509.99 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. There are restrictive covenants in the Facility Agreement and other lending agreements/ sanction letters we have entered into with our lenders that limit our ability to undertake certain types of transactions, any of which could adversely affect our business, results of operations and financial condition. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up an allied line of business or making any amendments to Memorandum and Articles of Association etc. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business.

We have applied to our lenders/ trustees and have received consents from our lenders/ trustees (as applicable) in relation to this Issue.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations. Due to moratorium pursuant to Covid-19 we witnessed in few instance the different methodology of amortization schedule was followed by the banks and also in some case the confirmation/communication for the final grant of moratorium was delayed by the bank due to lack of clarity which resulted in our Company having repaid the principal and interest on a date later than the due date determined by the bank, immediately on receiving communication from the bank regarding grant of moratorium.

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

9. ***Our statutory auditors have highlighted certain emphasis of matters to their audit reports relating to our audited financial statements, which may affect our future financial results***.

The Auditor's Report on the Audited Ind AS Financial Statements issued by our statutory auditors for the Fiscal 2021, 2020 and 2019 and in the Limited Review Financial Results included the following Emphasis of Matter. However, the auditor's opinion was unmodified:

Fiscal/ Period	Emphasis of Matter and Other Matters
2021	We draw attention to note 46.1.(j) to the Financial Statement, which describe the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics assets including the Company's estimates of impairment of loans to customer's and Investments which are highly dependent on uncertain future developments. Our Opinion is not modified in respect of this matter.
2020	We draw attention to note 6.1 to the Financial Statement, which describe the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics assets including the Company's estimates of impairment of loans to customer's and Investments which are highly dependent on uncertain future developments. Our Opinion is not modified in respect of this matter. **Other Observation** The report also included as an Annexure 1, a statement on certain matters by the Companies (Auditor's Report) Order, 2016 to indicate, ed and in accordance with by circular no 136/06/2020-GST dated April 3, 2020 issued by Central Board of Indirect Taxes and Customs.
2019	**Other Matter** The comparative Financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017, included in these standalone Ind AS Financial Statements, are based on the previously issued statutory financial statements' prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules 2006 (as amended) specified under section 133 of The Act, read with the Companies (Accounts) Rules, 2014 audited by predecessor auditor whose report for the year ended March 31, 2018 and March 31, 2017 dated May 02, 2018 and May 16, 2017 respectively expressed an unmodified opinion on those statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us
Half year period ended September 30, 2021	We Draw attention to Note 4 to the Statement, which describes the economic and social disruption as a result of COVID-19 pandemic on the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and investments which are highly dependent on uncertain future developments.

For further details, in relation to the emphasis of matter, etc. see "*Financial Information*" on page 137. There can be no assurance that our statutory auditors will not include further matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the matters of emphasis and remark in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis or remark in the auditors' report on our financial statements in the future may also adversely affect the trading price of the NCDs.

10. ***We may not be able to obtain, renew or maintain statutory and regulatory permits and approvals required to operate our business may materially and adversely affect our business and results of operations.***

HFCs in India are subject to extensive government regulation, and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business. These include registration with the NHB for carrying out business as an HFC. We are also required to maintain licenses under various applicable national and state labour laws in force in India for some of our offices and with regard to some of our employees. 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. While we currently possess or have applied for renewals of certain licenses, including shops and establishment licenses for some of our branches, there can be no assurance that the relevant authorities will renew these in the anticipated timeframe, or at all. In addition, we may apply for more approvals.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Additionally, failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, cash flows and results of operations.

11. ***In order to sustain our growth, we will need to maintain a minimum capital adequacy ratio. We may not be able to maintain our capital adequacy ratio, which could adversely affect our business.***

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

Pursuant to RBI regulations, HFCs are currently required to maintain a minimum capital to risk (weighted) assets ratio ("**CRAR**") consisting of Tier I and Tier II Capital which collectively shall not be less than 13% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items on or before March 31, 2020, 14% on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter. This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. As of September 30, 2021 and March 31, 2021, our CRAR (%) was 22.00% and 26.49%, respectively. Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels, we cannot guarantee that we will be able to obtain this capital on favorable terms, in a timely manner or at all. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the NHB may increase its current CRAR requirements or risk weight for assets, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favourable to us, or at all, which may adversely affect the growth of our business.

12. ***Any downgrade in our credit ratings may increase interest rates for raising new debt, refinancing 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.***

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For details of our current credit ratings, see "*Our Business – Credit Ratings*" on page 103. Any downgrade in our credit ratings may increase interest rates for refinancing 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, financial condition, results of operations and cash flows.

Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our borrowings and also lead to lenders imposing additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations and financial condition.

13. ***We depend on the accuracy and completeness of information provided by our potential borrowers and third -party service providers. 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, cash flows and financial condition.***

While we have a well-established and streamlined credit appraisal process, there can be no assurance that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with credit bureaus, or the on-site verification conducted by our empaneled third-party agencies 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, cash flows and financial condition. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing assets, which could adversely affect our business and results of operations.

14. ***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.***

The primary security for the loans disbursed by us is the underlying property and any inability to realise full value of this collateral could expose us to losses and, in turn, result in a material adverse effect on our business, results of operations, cash flows and financial condition. We follow internal risk management guidelines in relation to portfolio monitoring which, *inter alia*, include periodic assessment of loan to security value on the basis of conservative market price levels and ageing analysis amongst others. However, we may not be able to realize the full value of the collateral or the value of our collateral may diminish, as a result of the following, among other factors, which may affect our business and results of operations:

- 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; and
- applicable legislative provisions or changes thereto and past or future judicial pronouncements.

There is no assurance that we will be able to realise the full value of our security, due to the aforesaid factors and among other things, delays on our part to take immediate action, economic downturns, adverse court orders and 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 foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the 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.

15. ***Our Company is involved in certain legal and other proceedings. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance and our stockholders.***

We are currently involved in litigations (including civil or criminal, consumer and tax related proceedings). These proceedings are pending at different levels of adjudication before various forums including courts and tribunals. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or stockholders' equity. We estimate the probability of losses that may be incurred in connection with legal and regulatory proceedings as of the date on which our standalone financial statements are prepared. We recognize a provision when we have a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

We determine the amount of provision based on our estimate of the amount required to settle the obligation at the balance sheet date, supplemented by our experience in similar situations. We review provisions at each balance sheet date and adjust them to reflect current estimates. In cases where the available information indicates that a loss is reasonably possible but the amount of such loss cannot be reasonably estimated, we make a disclosure to this effect in the standalone financial statements. In certain instances, present and former employees have instituted legal and other proceedings against us alleging irregularities. When there is only a remote risk of loss, we do not recognize a provision nor do we include a disclosure in the standalone financial statements.

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.

For further details in relation to legal proceedings, see the section titled "*Outstanding Litigations*" on page 239.

16. ***There are outstanding legal proceedings against our Promoters, Directors, group companies, if determined, could have a material adverse impact on our business, results of operations and financial conditions.***

There are certain outstanding legal proceedings against our Promoters, Directors, group companies pending at various levels of adjudication before courts, tribunals, authorities and appellate bodies. There can be no assurance that these legal proceeding will be decided in favour of our group companies. Decisions in any of such proceedings adverse to our interests may have a material adverse effect on our business, future financial performance and results of operations. If the courts or tribunals rule against our Promoters, Directors, group companies, we may face monetary and/ or reputational losses.

Furthermore, we may also not be able to quantify all the claims in which our Promoters, Directors, group companies group companies are involved. For further details in relation to legal proceedings against our Promoters, Directors, group companies, group companies, see the section titled "*Outstanding Litigations*" on page 239.

17. ***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. Although we carefully recruit all our employees, we have in the past been subject to the fraudulent acts committed by our employees or third parties. For details relating to frauds see the section titled "*Outstanding Litigations*" on page 239.

18. ***We are subject to periodic inspections by the NHB and RBI. Non-compliance with the NHB's observations made during any such inspections could adversely affect our reputation, financial condition and results of operations.***

Prior to the notification of the NHB Act Amendments, we were subject to periodic inspection by the NHB under the NHB Act, 1987 ("**NHB Act**"), wherein the NHB inspected our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information, which we may have failed to furnish when called upon to do so. However, pursuant to the NHB Act Amendments, the RBI will also have the power to conduct such inspections, in addition to the NHB. In its past inspection reports, the NHB has identified certain deficiencies in our operations, made certain observations in relation to our operations and has sought certain clarifications on our operations. Our Company has responded to NHB concerning its observations and has provided information and clarifications sought by the NHB. The observations were pursuant to routine inspections of NHB.

While we attempt to be in compliance with all regulatory provisions applicable to us, in the event that we are unable to comply with the observations made by the NHB in the past or comply with NHB's or RBI's directions at any time in the future, we could be subject to penalties and restrictions which may be imposed by the NHB or RBI. Imposition of any penalty or adverse finding by the NHB or RBI during any future inspection may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

19. ***We rely significantly on our information technology systems for our business and operations. A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operations, cash flows and financial condition.***

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting and other data processing systems, management information systems and our corporate website may fail to operate adequately or become disabled as a result of events beyond our control, including a disruption of electrical or communications services. We may also face risks relating to our migration to a new IT infrastructure.

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, customer applications and interfaces, may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and to 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 – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; (d) ransomware – a malware which threatens to block or publish data unless a ransom is paid and (e) advanced persistency threat – network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time. In addition, due to the recent social distancing measures and the lockdown imposed by the government, there has been a recent increase in electronic transactions which increases the risk of cyber-attacks. The intention of these attacks could be to steal our data or information, or to shut down our systems and only release them for a fee. Attempted cyber threats fluctuate in frequency but are generally not decreasing in frequency.

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. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operations, cash flows and financial condition.

20. ***We do not own our branch offices, including our registered office and corporate office. Any termination or failure by us to renew the lease/ leave and license agreements in a favorable and timely manner, or at all, could adversely affect our business and results of operations. Moreover, many of the lease/ leave and license agreements entered into by us may not be duly registered or adequately stamped.***

Our branch offices including our registered office and corporate office are located on leased or licensed premises. Our Registered Office is located on a premise which is owned by Edelweiss Rural and Corporate Services Limited, our Promoter. The lease agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease/ leave and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease/ leave and license agreements.

While we have not faced major issues renewing the leases of our offices in the past, if these lease/ leave and license agreements are not renewed or not renewed on terms favorable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Further, some of our lease/ leave and license agreements may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India or may not be authenticated by any public officer and the same may attract penalty as prescribed under applicable law or may impact our ability to enforce these agreements legally, which may result in an adverse effect on the continuance of our operations and business.

21. **This Draft Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.**

This Draft Prospectus includes unaudited financial information in relation to our Company for the half year and six months ended September 30, 2021 in respect of which the Erstwhile Auditors have issued their Limited Review Report dated October 21, 2021. As Limited Review Financial Results prepared by our Company in accordance with Regulation 52(2) of the SEBI LODR Regulations have been subject only to a limited review and as described in Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information" Performed by the Independent Auditor of the Entity" issued by the ICAI. Additionally, in accordance with applicable law, our Company is required to publish its half yearly financial information with the stock exchanges.

22. We may experience difficulties in expanding our business.

We are focused on high growth, dispersed risk-retail lending. As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business. We intend to further improve the diversity of our product portfolio as well as increase the granularity of our Loan Book while catering to the financial needs of our customers. Offering a wide range of products will help us attract more customers thereby increasing our scale of operations. To address these challenges and requirements, we may have to make significant investments that may not yield desired results or incur costs that we may not recover. We may not be able to expand our current operations or the new products we launch may not cater to the financial needs of our customers, which may adversely affect our business prospects, financial condition, cash flows and results of operations.

23. We may not be able to obtain, renew or maintain statutory and regulatory permits and approvals required to operate our business may materially and adversely affect our business and results of operations.

Our operations are subject to extensive government regulation, and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business. These include registration with the NHB for carrying out business as an HFC. We are also required to maintain licenses under various applicable national and state labour laws in force in India for some of our offices and with regard to some of our employees. While we currently possess or have applied for renewals of certain licenses, including shops and establishment licenses for some of our branches, there can be no assurance that the relevant authorities will renew these in the anticipated timeframe, or at all. In addition, we may apply for more approvals.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Additionally, failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, cash flows and results of operations.

24. We may have to comply with stricter regulations, directions and guidelines issued by regulatory authorities in India, including the NHB and RBI, which may increase our compliance costs, divert the attention of our management and subject us to penalties.

We are regulated principally by and have reporting obligations to the NHB and the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector.

The laws and regulations governing the housing finance industry in India have become increasingly complex and cover a wide variety of issues. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations.

Moreover, new regulations may be passed that restrict our ability to do business. Further, these regulations are subject to frequent amendments and depend upon government policy. We cannot assure you that we will not be subject to any adverse regulatory action in the future. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

Further, pursuant to the NHB Act Amendments which came into force on August 9, 2019, and read with the 'Master Direction – Exemptions from the RBI Act, 1934 dated November 24, 2020, amongst others, (i) existing exemptions available to HFCs under the RBI Act have been withdrawn and accordingly the RBI has the power to determine policy and issue instructions in relation to housing finance institutions; and (ii) the RBI has the power to regulate by specifying conditions or prohibit the issue by any HFC which is a company of any prospectus or advertisement soliciting deposits of money from the public. The NHB Act Amendments also provide for certain powers to be exercised by the RBI concurrently with the NHB, such as the power to conduct inspections and request for documents from the HFCs.

Further, pursuant to the amendments to the 'Master Direction – Exemptions from the RBI Act, 1934 dated November 24, 2020, sections 45 – IA, 45 -IB and 45 – IC of the RBI Act, which deal with requirement of registration and net owned fund, maintenance of percentage assets, and the setting up and maintenance of a reserve fund are not applicable to HFCs.

On June 17, 2020, the RBI released proposed changes to be undertaken in the regulatory framework for HFCs post the transfer of regulation of HFCs from NHB to the RBI with effect from August 9, 2019, for public comments ("**Draft Framework**"). These included changes such as (a) defining principal business and qualifying assets for HFCs; (b) defining the phrase 'providing finance for housing' or 'housing finance'; (c) classification of HFCs as systematically important or non-systematically important; and (d) applicability of liquidity risk framework, liquidity coverage ratio, and securitisation of NBFCs to HFCs.

Basis the inputs received in relation to the Draft Framework, the RBI issued a revised framework for regulating the HFCs by way of its circular dated October 22, 2020 ("**Revised HFC Framework**")- this framework has been replaced by RBI with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. Pursuant to the Revised HFC Framework, the RBI has, amongst others, (a) exempted HFCs from the applicability of section 45-IB and 45-IC of the RBI Act. However, relevant notifications in this regard are yet to be issued; (b) increased the minimum net owned fund requirement for HFCs from ₹ 100 million to ₹ 200 million; and (c) extended applicability of regulations applicable on NBFCs to HFCs pertaining to monitoring of frauds, information technology framework and implementation of Indian Accounting Standards for impairment allowances and regulatory capital.
Further, pursuant to the Revised HFC Framework, the NBFC-ND-SI Directions have been made applicable on various aspects including loan against security of shares and gold jewellery, securitisation transactions, managing risk and code of conduct in outsourcing, liquidity risk management framework and liquidity coverage ratio.

Activities of HFCs, are primarily regulated by the RBI and supervised by the NHB, including various aspects of our business such as definition of housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, on-boarding of customers, credit approval and risk management and asset classification and provisioning. Accordingly, there may be further scrutiny and instructions from the RBI in relation to the regulation of HFCs. If we fail to comply with such requirements, we may be subject to penalties or compounding proceedings.

Further, pursuant to recent notification dated November 18, 2019, issued by the Ministry of Corporate Affairs, certain prescribed non-banking finance companies (which include HFCs) with asset size of ₹ 500 crore or more, as per last audited balance sheet have been notified as a category of financial service providers ("**Notified FSPs**"). The Ministry of Corporate Affairs has also issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, in terms of which the RBI may initiate insolvency and liquidation proceedings under the IBC against Notified FSPs (which includes our Company) for a 'default' in terms of the IBC.

If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require us to divert additional resources, including management time and costs towards such increased compliance requirements. Such an increase in costs could have an adverse effect on our business, prospects, financial condition and results of operations. Additionally, our management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards our business, which may have an adverse effect on our future business, prospects, financial condition and results of operations.

There can be no guarantee that we will be able to comply with any increased or more stringent regulatory requirements, in part or at all. Failure to comply with such further regulatory requirements could lead to regulatory actions, including penalties, which may have an adverse effect on our future business, prospects, financial condition, cash flows and results of operations.

25. ***We assign a portion of our loan assets to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned to banks and other institutions may adversely impact our financial performance and/or cash flows and/or our ability to initiate or execute assignment transactions in future.***

As part of our means of raising and/or managing our funds, we assign a portion of the receivables from our loan portfolio to banks and other institutions. Such assignment transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time.

Such assignment transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In Fiscals 2019, 2020 and 2021 and the half year period ended September 30, 2021, our fresh securitisation by way of Pass Through Certificates or assignment of loan assets at book value were as under:

(₹ in million)

Fiscal Year / Half-Year	DA/ PTC	Investors' Share	EHFL Share
Mar-2019	DA	5,938.17	659.80
Mar-2020	DA	1,801.71	374.12
Mar-2021	DA	6,200.70	688.97
Sep-2021 (HY)	DA	656.54	72.95

(₹ in million)

Fiscal Year/ Half-Year	PCG/ PTC	Investors' Share	EHFL Share
Mar-2019	PCG/PTC	0.00	0.00
Mar-2020	PCG/PTC	3,800.21	0.00
Mar-2021	PCG/PTC	2,577.44	0.00
Sep-2021 (HY)	PCG/PTC	1,668.58	34.05

Any change in statutory and/or regulatory requirements in relation to assignments by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment transactions. The commercial viability of assignment transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- Prohibition on carrying out assignment transactions at rates lower than the prescribed base rate of the bank;

- Minimum holding period or 'seasoning' and minimum retention requirements of assignment loans; and

- Assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

Any adverse changes in the policy and/or regulations in connection with the assignment of assets by HFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting HFCs or the purchasers of assets, would affect the assignment market in general and our ability to assign our assets. In addition, a decline in demand for assignment would adversely affect our ability to assign our assets.

26. ***We may face difficulties and incur additional expenses in operating in Tier 2 cities and Tier 3 cities, where infrastructure may be limited.***

We primarily offer small ticket affordable housing loans in Tier 2 cities and Tier 3 cities in India along with customers from suburbs of Tier 1 cities, where infrastructure may be limited. At our branch offices in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we expand our branch network in rural and semi urban markets, which could adversely affect our profitability.

27. ***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.***

The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk.

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see "*Business – Risk Management Framework*" on page 130. Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. 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 that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

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. For detail–, see " - *Any increase in the levels of non-performing assets, for any reason whatsoever, would adversely affect our business, results of operations and financial condition*" above.

If we fail to effectively implement our risk management policies, we could materially and adversely affect our business, financial condition, results of operations and cash flows.

28. We have contingent liabilities as at the year ended March 31, 2021 and our financial condition may be adversely affected if these contingent liabilities materialize.

We have contingent liabilities and commitments, which could adversely affect our business and results of operations. Our contingent liabilities and commitments aggregated to ₹ 1,289.31 million as at March 31, 2021, in accordance with Ind AS 37. In the event that any of these contingent liabilities materialize, our results of operations and financial condition may be adversely affected. Below are the details of Contingent liabilities as at the year ended March 31, 2021:

i. Taxation Matters: Nil

ii. Litigations pending against the company: Nil

iii. Estimated amount of contracts remaining to be executed on capital account (net of advances): Rs.8.05 million

iv. Loans sanctioned pending disbursement: ₹ 1,281.26 million

The contingent liability amounts disclosed in our audited financial statements represent estimates and assumptions of our management based on advice received. The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the RBI. If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition. For further details, please see "*Financial Information*" on page 137.

29. Security breaches of customers' confidential information that we store may expose us to liability and harm our reputation.

As part of our business, we store and have access to customers' bank information, credit information and other sensitive data. 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. Any accidental security breaches or other unauthorized access to confidential information could expose us to liability related to the loss of the information, legal proceedings against us including the potential imposition of penalties, and negative publicity. Data security breaches could lead to the loss of trade secrets or other intellectual property, or the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Any security breach may cause our customers to lose confidence in the effectiveness of our data security measures, and in turn have an adverse effect on our business, operations, financial condition or cash flows.

30. ***Any change in control of our Promoters on our Company may correspondingly adversely affect our goodwill, operations and profitability.***

As on September 30, 2021, EFSL directly holds 5% of our paid up capital, and Edelweiss Rural & Corporate Services Limited and Edel Finance Company Limited (subsidiaries of EFSL) hold 55.23% and 39.77% of our paid up capital respectively. We leverage on the goodwill of the Edelweiss group. We believe that this goodwill ensures a steady inflow of business. In the event Edelweiss group is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. 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.

Further, our Promoters have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as our Promoters continue to exercise significant control over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

31. ***Any factor affecting the business and reputation of Edelweiss group may have a concurrent adverse effect on our business and results of operations. Further Any change in control of our Promoters on our Company may correspondingly adversely affect our goodwill, operations and profitability.***

We are part of Edelweiss group and to some extend depend upon it for steady inflow of business. In the event Edelweiss group's goodwill is impacted the same may have impact on our business and results of operations. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. 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 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.

32. ***Our Company doesn't have a dividend policy***

Our Company currently doesn't have a dividend policy. The declaration and payment of dividends, if any is recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act. There can be no assurance that the Company shall pay any dividend in the future or dividend payout, if any shall reflect the dividend payout in the past.

33. ***We are permitted to use the trademark and trademark, pursuant to the trademark license agreement between our Company and EFSL. Such right to use the above trademarks is subject to the termination based on the terms and conditions of the trademark license agreement and any such termination may result in us***

being unable to use the above trademarks, which could have a material adverse effect on our reputation and business.

We have been given the right to use the trademark and trademark, owned by EFSL pursuant to the trademark license agreement dated February 01, 2016 entered into between our Company and EFSL and subsequent Addendums. We have been provided a non-exclusive, non-transferable, as set out therein, to use the trademark. Any termination of the agreement by EFSL may result in us being unable to use this trademark which could have a material adverse effect on our reputation and business

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

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

35. ***We depend on third-party selling agents for customer referrals, predominantly of secured business loans, who do not work exclusively for us.***

We depend on external DSAs who act as lead providers to our sales teams in return for referral fees, to source a portion of our secured business loan book. Our DSAs pass on leads of any loan requirements of these customers to us. Our agreements with such DSAs typically do not provide for any exclusivity, and accordingly, such DSAs can work with other lenders, including our competitors. There can be no assurance that our DSAs will continue to drive a significant number of leads to us, and not to our competitors, or at all.

36. ***We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.***

We have entered into a number of related party transactions, within the meaning of Ind AS-24, as applicable. While we believe that all such transactions have been conducted on an arm's length basis, in accordance with our related party transactions policy and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Such transactions may give rise to potential conflicts of interest with respect to dealings between us and such related parties.

Further, 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.

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 of historical related party transactions, please see "*Financial Information*" on page 137.

37. ***We may be unable to protect our brand names and other intellectual property rights which are critical to our***

business.

We may be required to resort to legal action to protect our brand names and other intellectual property rights. Any adverse outcome in such legal proceedings may impact our ability to use our brand names and other intellectual property rights in the manner in which such intellectual property is currently used or at all, which can have a material adverse effect on our business and financial condition.

38. Negative publicity could damage our reputation and adversely impact our business and financial results.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third- party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk.

Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the AHFC industry in general and lead to a reduction in business for all HFCs. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

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

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses. Many financial services businesses provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry. Therefore, such non-GAAP measures may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other HFCs in India or elsewhere.

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

The Government of India provides certain incentives to encourage providing credit to the housing industry and has implemented policies that are aimed at providing low-cost, long-term credit to the low and middle income segments in India. The NHB provides re-finance for certain qualifying loans at reduced rates to certain qualifying HFCs through its schemes. In addition, the RBI provides certain incentives to the housing finance industry by extending priority sector status to housing loans. Certain key measures taken by the RBI to assist in fulfilling the Government's objectives include the reduction in risk weights applicable for affordable housing loans for the purpose of calculation of CRAR and allowing HFCs to raise long-term ECBs for on-lending towards affordable housing, which the RBI defines as housing loans with a size of up to ₹ 2.50 million. However, we cannot assure you that the Government, the RBI and the NHB will continue to provide such incentives in the future.

The Government had introduced the Credit Linked Subsidy Scheme ("**CLSS**") of the Pradhan Mantri Awas Yojana ("**PMAY**") – Housing for All (Urban) which aims at expanding institutional credit flow to the housing needs of the customers from EWS & LIG segments, by providing credit-linked subsidy on home loans taken by eligible customers EWS & LIG segments for acquisition or construction of houses. Individuals belonging to the economically weaker sections ("**EWS**") and the low income group ("**LIG**") seeking housing loans from primary lending institutions ("**PLIs**"), including banks and HFCs, are eligible to avail benefits under the scheme.

Further, pursuant to Section 36(1)(viii) of the (Indian) Income-tax Act, 1961 (the "**Income Tax Act**"), up to 20.00% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. Our Board has also resolved that such special reserve may not be used to pay dividends. The amount of special reserve under section 36 (1)(viii) of the Income Tax Act as of March 31, 2021 was ₹ 392.14 million. In addition, home buyers receive tax incentives on home loans for principal and interest payment of home loans, which has improved affordability levels of borrowers. Principal repayment qualifies for tax deduction under section 80C of the Income Tax Act, 1961. However, we cannot assure you that the Government will continue to make such benefits available to HFCs or home buyers.

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

41. ***Statistical and industry data in this document is derived from the CARE report commissioned by us for such purpose. The CARE Report is not exhaustive and is based on certain assumptions, parameters and conditions. The data and statistics in the CARE Report may be inaccurate, incomplete or unreliable.***

This document includes information that is derived from the report on titled "*Industry Report on Housing Finance*" dated December 2021 prepared by CARE Advisory Research and Training Limited (CareEdge Research) ("**CARE Report**"). CARE Research is not in any manner related to us, our Directors or our Promoters. The CARE Report is subject to various limitations and is based on certain subjective assumptions. While we have taken reasonable care in the reproduction of the information from the CARE Report, neither our Company nor the Lead Managers nor any of our or their respective affiliates or advisors or any other person connected with the Issue has independently verified data and statistics obtained from the CARE Report. While we have no reason to believe the data and statistics in the CARE Report are incorrect, we cannot assure you that they are accurate, complete or reliable and, therefore, we make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of such data or statistics. Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate are subject to the caveat that the data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Further, there can be no assurance that such data and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other reports. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this document.

42. ***We are dependent on a number of Key Managerial Personnel and our senior management, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel, senior management, and our operational personnel. We believe that the inputs and experience of our senior management are valuable for the development of our business, operations and the strategic directions taken by our Company. We cannot assure you that these individuals will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of, or inability to attract or retain such persons may have an adverse effect on our business, results of operations and financial condition.

43. ***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.

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

The Insolvency and Bankruptcy Code, 2016 ("**IBC**") was notified on August 5, 2016. The IBC 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 IBC 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 our debtor, we may not have complete control over the recovery of amounts due to us. Under the IBC, 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 IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority.

Accordingly, if the provisions of the IBC are invoked against any of our customers, it may affect our ability to recover our loans from the borrowers and enforcement of our rights will be subject to the IBC.

45. Some of our Directors may have interests in entities, which are in businesses similar to ours and this may result in conflicts of interest with us.

As on the date of this Draft Prospectus, some of our Directors are also directors on the board of our related parties. Commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Such factors may have an adverse effect on the results of our operations and financial condition.

46. Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with, and appropriate to, our operations. For further details on our insurance coverage, see "*Our Business – Insurance Coverage*" on page 106. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

47. **We have had negative operating cash flows in the past.**

We had negative cash flows for operating activities in the past on account of high growth in loans and advances i.e. disbursals as compared with collections for the year and may have negative cash flows in the future.

48. **We also handle cash as part of collections and recovery and are exposed to operational risks, including employee negligence, fraud, petty theft, burglary and embezzlement, which could harm our results of operations and financial position.**

We often handle cash as part of steps taken as part of our collection and recovery process. Handling cash at branch level exposes us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by our employees. Our insurance policies and measures undertaken to detect and prevent these risks may not be sometimes, sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected.

EXTERNAL RISK FACTORS

49. The Indian housing finance industry is highly competitive and if we are not able to compete effectively, it could adversely affect our business and results of operations.

We operate in a highly competitive industry in India and we compete with banks, other HFCs, small finance banks and NBFCs in each of the geographies in which we operate. Our competitors may have more resources, a wider branch and distribution network, access to cheaper funding, superior technology and may have a better understanding of and relationships with customers in these markets. This may make it easier for competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of the retail presence of their affiliated group companies or banks. Competition in this market segment has also increased as a result of interest rate deregulation and other liberalization measures affecting the housing finance industry in India and we expect competition to intensify in the future.

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

Further, our well-performing loans are liable to be taken over by competitors at low rate as there is no penalty on the pre-closure of floating rate loans. Floating rate loans account for a majority of our loans. If many customers choose to transfer their loans to other institution, it may make it difficult for us to grow our portfolio.

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

The Government of India has been pursuing various social welfare schemes and initiatives to create an enabling and supportive environment to both enhance the flow of credit to the housing sector and increase home ownership in

India. Various Central Government policies and initiatives such as "Smart Cities" and the "Pradhan Mantri Awas Yojana" or the "Housing for all by 2022" scheme have reinforced the primacy of the housing sector and the need to provide housing to all and are expected to promote affordable housing through partnerships with private sector entities.

However, it is not clear how certain trends and events, such as the impact of COVID-19 on the economy the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable. Any slowdown or reversal of the growth of India's housing finance industry may affect our business, results of operations, cash flows and financial condition.

51. Changing laws, rules and regulations and legal uncertainties, including adverse application of RBI or NHB regulations or tax laws and regulations, may materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and housing finance business, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

- The Finance (No. 2) Act, 2019 ("**Finance Act**"), passed by the Parliament and which has received the assent of the President of India, has introduced various amendments to legislations. Amongst others, the Finance Act includes amendments to the NHB Act ("N**HB Act Amendments**") which have transferred the regulation authority over the housing finance sector from NHB to RBI. The NHB Act Amendments came into force on August 9, 2019. Pursuant to the NHB Act Amendments, amongst others, (i) the RBI has the power to determine policy and issue instructions in relation to housing finance institutions; and (ii) the RBI has the power to regulate by specifying conditions or prohibit the issue by any housing finance institution which is a company of any prospectus or advertisement soliciting deposits of money from the public. However, the NHB Act Amendments, retain certain powers with the NHB, in addition to conferring such powers on the RBI, such as power to conduct inspections and request for documents from the HFCs. This may result in a change in policy and interpretations with respect to regulations governing HFCs; and

- Further, pursuant to the amendments to the 'Master Direction – Exemptions from the RBI Act, 1934 dated November 24, 2020, existing exemptions available to HFCs under the RBI Act have been withdrawn.

As per RBI circular no. RBI/2020-21/73 dated February 17, 2021 on Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions 2021, para 4.1.16 (k) and 4.1.17, RBI has set certain specified milestones to be achieved by HFCs in future. There can be no assurance that our company will be able to achieve those milestones by the specified dates. Failure to do so can invite regulatory action including cancellation of HFC license. RBI's definition of "Housing Finance" includes lending to builders for construction of residential dwelling units. Hence, if we are able to scale up this product in future, it may also help us in meeting specified criteria as per the above referred RBI circular on future timelines. However no assurance can be given at this stage that we will indeed be able to scale up lending under this product.

Further, our employees are entitled to statutory employment benefits such as a defined benefit gratuity plan, among others.

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

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

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

52. 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.

Risks Relating to India

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

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

54. Financial difficulty and other problems in certain financial and other non-banking financial institutions in India could materially adversely affect our business.

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial and non-banking financial institutions could materially and adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may materially adversely affect financial intermediaries, such as clearing agencies, banks, NBFCs, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions and other non-banking financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

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

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

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

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

57. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates could be volatile, and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, salaries, and other expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

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

We are incorporated in India and we conduct our corporate affairs and our business in India. Consequently, our business, operations, financial performance will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- Any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- The impact of international trade wars or uncertain or unfavourable policies on international trade or (whether or

not directly involving the Government of India);

- Any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- Prevailing income conditions among Indian customers and Indian corporations;
- Epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries; This includes as yet uncertain impact the new Omicron variant of the COVID-19 virus may have worldwide.
- Macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- Volatility in, and actual or perceived trends in trading activity on, India's principal stock exchange;
- Decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- Political instability, including terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- Civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- International business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- Logistical and communication challenges;
- Downgrading of India's sovereign debt rating by rating agencies;
- Changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India;
- Occurrence of natural calamities and force majeure events;
- Difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and
- Being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

59. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to NCD Holders' assessments of our financial condition.

The financial statements included in this Draft Prospectus have been prepared in accordance with Ind AS and Indian GAAP. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Ind AS and Indian GAAP financial statements included in this Draft Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should be limited accordingly.

Risks relating to the Issue and NCDs.

60. Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus to raise further debt.

The NCDs proposed to be issued pursuant to this Issue have been rated CRISIL AA-/ Negative (pronounced as CRISIL double A minus rating with Negative outlook) by CRISIL Limited for an amount of up to ₹ *5,000 million* by way of its letter bearing reference number RL/EDLSHFL/283029/NCD/1221/222588/101310565 and dated December 13, 2021 and "ACUITE AA/Negative" (pronounced as ACUITE double A rating with Negative outlook) by Acuité Ratings & Research Limited for an amount of up to ₹ 5,000 million by way of its letter dated December 29, 2021.

Any downgrade of our credit ratings would increase borrowing costs and constraint 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. There is a possibility of increase in forced sale of our NCDs by the investors resulting in sharp decline in their market price. Any such adverse development could adversely affect our business, financial condition, cash flows and results of operations.

61. ***The NCD Holders 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. Failure or delay in recovering the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.***

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 Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs, and it will be the duty of the Debenture Trustee to monitor that the security is maintained, however, 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 Secured NCDs and shall depend on the market scenario prevalent at the time of the enforcement of the security. A failure or delay in recovering the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

62. ***The Issuer, being an HFC is not required to maintain a debenture redemption reserve ("DRR").***

Pursuant to a Ministry of Corporate Affairs notification dated August 16, 2019 amending Section 71 of the Companies Act, 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, a HFC is not required to maintain DRR for debentures issued through a public issue. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs. However, in accordance with section 71 of the Companies Act, 2013, read with Rule 18 of Companies (Share Capital and Debentures) Rules, 2014, as amended, we shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than and which shall not any time fall below 15% 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: (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 amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31st day of March of the next year. If we do not generate adequate profits, we may not be able to deposit or invest the prescribed percentage of the amount of the NCDs maturing the subsequent year.

63. ***There may be no active market for the NCDs on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the NCDs 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 price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and (v) 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.

64. ***There may be a delay in making refund/ unblocking of funds 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, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the Stock Exchange for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund / unblock such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

65. ***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 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 Section 327 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

66. There is no assurance that the NCDs issued pursuant to the Issue will be listed on Stock Exchange 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 the 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 exchange. There could be a failure or delay in listing the NCDs on the Stock Exchange for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the stock exchange, our Company will forthwith repay, with interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to this Draft Prospectus. There is no assurance that the NCDs issued pursuant to the Issue will be listed on stock exchange in a timely manner, or at all.

67. There are other lenders and debenture trustees who have pari passu charge over the Security provided.

There are other lenders and debenture trustees of the Company who have *pari passu* charge over the Security provided for the Issue. While the Company is required to maintain 100% asset cover for the outstanding amount of the NCDs and interest thereon, upon the Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees will rank *pari passu* with the NCD holders and to that extent, may reduce the amounts recoverable by the NCD holders.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was originally incorporated on May 30, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Housing Finance Limited and received a certificate of incorporation dated May 30, 2008 and a certificate of commencement of business dated June 12, 2008. The registered office of our Company is situated at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098, Maharashtra, India and our CIN is U65922MH2008PLC182906.
For details of the business of our Company, see "*Our Business*" beginning on page 89.

Registration:

CIN: U65922MH2008PLC182906
LEI: 335800FVH4MOKZS9VH40

Permanent Account Number: AABCE9808N

Registered Office:
Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098, Maharashtra, India.

Edelweiss Housing Finance Limited
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai 400 098,
Maharashtra, India
Tel: +91 22 4009 4400
Fax: +91 22 4019 4952
Website: www.edelweisshousingfin.com
Email: investorgrievances@edelweissfin.com

For further details regarding changes to our Registered Office, see "*History and Main Objects*" on page 108.

Registrar of Companies, Maharashtra at Mumbai
100, Everest House
Marine Lines
Mumbai 400 002
Maharashtra, India

Company Secretary and Compliance Officer:

Vinay Tripathi
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai 400 098,
Maharashtra, India
Tel.: +91 22 4009 4400
Fax: +91 22 4019 4952
Email: investorgrievances@edelweissfin.com

Investors may contact the Registrar to the Issue or our Company Secretary and 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, refunds, non-receipt of debentures certificates (in case of NCDs which have been re-materialised), transfers, etc. as the case may be.

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, Permanent Account Number, number of NCDs applied for, Series of NCDs applied for, amount paid on application, Depository Participant name and client identification number, and the collection centre of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

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

Lead Managers

Equirus

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex
N.M. Joshi Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4332 0700
Fax: +91 22 4332 0750
Email: ehflncd@equirus.com
Investor Grievance Email: investorsgrievance@equirus.com
Website: www.equirus.com
Contact person: Ankit Jain
Compliance Officer: Parth Pankhaniya
SEBI Registration Number: INM000011286
CIN: U65910MH2007PTC172599

Edelweiss
Ideas create, values protect

Edelweiss Financial Services Limited *
Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Maharashtra, India
Telephone No.: +91 22 4086 3535
Facsimile No.: +91 22 4086 3610
Email: ehfl.ncd@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Saili Dave/ Malay Shah
Compliance Officer: Ms. Bhavana Kapadia
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

Edelweiss Financial Services Limited 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, Edelweiss Financial Services Limited would be involved only in marketing of the Issue and as per Regulation 25 (3) of SEBI NCS Regulations, and shall not issue a due diligence certificate.*

Debenture Trustee

Beacon Trusteeship Limited
4 C&D, Siddhivinayak Chambers,
Gandhi Nagar, Opp. MIG Cricket Club
Bandra (East), Mumbai 400 051
Tel: +91 22 2655 8759
Email: investorgrievances@beacontrutee.co.in
Investor Grievance Email: investorgrievances@beacontrustee.co.in
Website: www.beacontrustee.co.in
Contact Person: Kaustubh Kulkarni
SEBI Registration No: IND000000569
CIN: U74999MH2015PLC271288

Beacon Trusteeship Limited has, pursuant to regulation 8 of SEBI NCS Regulations, by its letter dated December 29, 2021 given its consent for its appointment as Debenture Trustee to the Issue (hereinafter referred to as "**Trustees**"). A copy of letter from Beacon Trusteeship Limited conveying their consent to act as Trustees for the Debenture holders is annexed as *Annexure C* to this Draft Prospectus.

All the rights and remedies of the Debenture Holders under the Issue shall vest in and shall be exercised by the appointed Debenture Trustee for the Issue without having it referred to the Debenture Holders. All investors under the Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for the 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 Debenture Holders/Debenture Trustee, as the case maybe, shall, from the time of making such payment, completely and irrevocably discharge our Company from any liability to the Debenture Holders to that extent. For details on the terms of the Debenture Trust Deed, please see "*Issue Related Information*" on page *281*.

For details on the terms of the Debenture Trust Deed see, "*Issue Related Information*" beginning on page *281*.

Registrar to the Issue

KFIN Technologies Private Limited *(formerly known as Karvy Fintech Private Limited)*

Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad 500 032
Tel: +91 40 6716 2222
Toll Free Number: 1800 309 4001
Email: ehfl.ncdipo@kfintech.com
Investor Grievance Email: einward.ris@ kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U72400TG2017PTC117649

KFIN Technologies Private Limited, has by its letter dated December 27, 2021, given its consent for its appointment as Registrar to the Issue and for its name to be included in this Draft Prospectus, the Prospectus, and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to the Issue.

Consortium member/Lead Brokers to the Issue

[•]

Public Issue Account Bank, Sponsor Bank and Refund Bank:

[•]

Statutory Auditors

NGS & Co. LLP
B-46, Pravasi Estate,
V.N. Road, Goregaon (East),
Mumbai 400 063
Maharashtra, India
Tel: +91 22 4908 4401
Email: info@ngsco.in
Firm Registration Number: 119850W
Contact Person: R.P. Soni

NGS & Co. LLP. has been the statutory auditors of our Company since November 3, 2021.

Credit Rating Agency

Acuite
RATINGS & RESEARCH

Acuité Ratings & Research Limited
708, Lodha iThink Techno Campus,
Kanjurmarg (East)– Mumbai - 400042
Tel: + 91 22 49294000
Email: chitramohan.acuite.in
Investor Grievance ID: grievances@acuite.in
Website: www.acuite.in
Contact Person: Ms. Chitra Mohan
SEBI Registration No: IN/CRA/006/2011
CIN: U74999MH2005PLC155683
SEBI Registration No: IN/CRA/006/2011

CRISIL
An S&P Global Company

CRISIL Ratings Limited
CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai 400076
Tel: + 91 22 3342 3000 (B)
Fax: 91-22-4040 5800
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Krishnan Sitaraman
SEBI Registration No: IN/CRA/008/15

Banker to our Company

ICICI Bank
Capital Market Division, 1st Floor,
122, Mistry Bhavan DinshawVachha Road,
Backbay Reclamation, Churchgate,
Mumbai 400 020
Tel: +91 22 6681 8911/ 23/ 24
Fax: +91 22 2261 1138
Email: sagar.welekar@icicibank.com
SEBI Registration Number: INBI400000004
Contact Person: Sagar Welekar

Credit Rating and Rationale

CRISIL AA-/ Negative (pronounced as CRISIL double A minus rating with Negative outlook) for an amount of ₹ 5,000 million by CRISIL Limited *vide* their rating letter dated December 13, 2021 and "ACUITE AA/Negative" (pronounced as ACUITE double A rating with Negative outlook) for an amount of ₹5,000 million by Acuité Ratings & Research Limited *vide* their rating letter dated December 29, 2021.The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexures A and B* of this Draft Prospectus for the rating letter, and rating rationale of the above ratings.

Disclaimer Statement of Acuité Ratings & Research Limited

An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy , sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité , in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité , Acuité 's rating scale and its definitions.

Disclaimer clause of CRISIL

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Legal Counsel to the Issue

Khaitan & Co
One World Centre
13^{th}& 10^{th} Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6636 5000

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who —

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 1.00 million or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1.00 million or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ ₹5.00 million or with both.

Underwriting

The Issue is not underwritten**.**

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Minimum subscription

In terms of the SEBI NCS 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, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 Working Days from the Issue Closing Date or such time as may be specified by SEBI provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and 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 no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

Designated Intermediaries

Self-Certified Syndicate Bank

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

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Syndicate is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Syndicate SCSB Branches

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

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

CRTAs / CDPs

The list of the CRTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the website of BSE for CRTAs and CDPs, as updated from time to time.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds see, "*Terms of the Issue*" beginning on page 286.

Inter-se Allocation of Responsibilities among the Lead Managers:

The following table sets forth the inter-se allocation of responsibilities and coordination for various activities among the Lead Managers:

Sr. No.	Activities	Responsibility	Coordinator
1.	Due diligence of Company's operations/ management/ business plans/ legal etc. • Drafting and designing of the offering document. (The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchange, RoC and SEBI including finalization of Offering Document and RoC filing). Draft Prospectus, and Prospectus (together "Offer Documents") • Coordination with the Stock Exchange for in-principle approval	Equirus	Equirus
2.	Structuring of various issuance options with relative components and formalities etc.	Equirus	Equirus
3.	Co-ordination with auditors for auditor deliverables and co-ordination with lawyers for legal opinion	Equirus	Equirus
4.	Appointment of other intermediaries viz., Registrar, Debenture Trustee, Consortium/Syndicate Members, printer, advertising agency and Public Issue Bank, Refund Bank and Sponsor Bank.	Equirus	Equirus
5.	• Coordination with the printer for designing and finalization of Offer Documents, Application Form including memorandum containing salient features of the Offer Documents. • Drafting and approval of statutory advertisement	Equirus	Equirus
6.	Drafting and approval of all publicity material (excluding statutory advertisement as mentioned in 5 above) including print and online advertisement, outdoor advertisement including brochures, banners, hoardings etc.	Equirus	Equirus
7.	Preparation of road show presentation, FAQs.	Equirus, EFSL	EFSL
8.	Marketing strategy which will cover, inter alia: • Deciding on the quantum of the Issue material and follow-up on distribution of publicity and Issue material including Application Forms, Offer Documents, posters, banners, etc. • Finalise collection centres • Coordinate with Registrar for collection of Application Forms by ASBA banks; • Finalisation of list and allocation of institutional investors for one on one meetings.	Equirus, EFSL	EFSL
9.	Domestic institutions/banks/mutual funds marketing strategy: Finalize the list and division of investors for one on one meetings, institutional allocation	Equirus	Equirus
10.	Non-institutional marketing strategy which will cover, inter alia: • Finalize media, marketing and public relation strategy and publicity budget • Finalize centers for holding conferences for brokers, etc.	Equirus	Equirus
11.	Coordination with the Stock Exchange for use of the bidding software	Equirus	Equirus
12.	Coordination for security creation by way of execution of Debenture Trust Deed	Equirus	Equirus
13.	Post-issue activities including - • Co-ordination with Bankers to the Issue for management of Public Issue Account(s), Refund Account and any other account and • Allotment resolution	Equirus	Equirus
14.	• Drafting and finalization of post issue stationery items like, allotment and	Equirus	Equirus

Sr. No.	Activities	Responsibility	Coordinator
	refund advice, etc.; • Coordination for generation of ISINs; • Corporate action for dematerialized credit /delivery of securities; • Coordinating approval for listing and trading of securities; and • Redressal of investor grievances in relation to post issue activities.		

Issue Programme*

ISSUE OPENS ON	[●]
ISSUE CLOSES ON	[●]
PAY IN DATE	Application Date. The entire Application Amount is payable on Application
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors/or the Operations Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Operations Committee thereof 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 Debenture Holders from the Deemed Date of Allotment.

**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) 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 or the Operations Committee, subject to relevant approvals. 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 and a regional daily with wide circulation where the registered office of the Company is located 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 Exchange.*

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time) ("**Bidding Period**") or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Issue Closing Date*

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. Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs 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 date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as on September 30, 2021 is set forth below:

Share Capital	(in ₹)
AUTHORISED SHARE CAPITAL	
75,000,000 Equity Shares of ₹ 10 each	750,000,000
Total Authorised Share Capital	750,000,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
69,350,000 Equity Shares of ₹ 10 each fully paid up	693,500,000

Details of change in authorised share capital of our company as on September 30, 2021, for last three years:

Date of Change (AGM/EGM)	Amount in ₹	Particulars / Remarks
August 8, 2018 (EGM)	75,00,00,000	Increased from 6,00,00,000 Equity Shares of ₹ 10 each to 7,50,00,000 Equity Shares of ₹10 each

Issue of Equity Shares for consideration other than cash

Nil

Changes in the Equity Share capital of our Company in the three years preceding September 30, 2021:

Date of Allotment	No of Equity Shares	Face value (₹)	Issue Price (₹)	Consideration (Cash, other cash, etc)	Nature for Allotment	Cumulative		
						No. of equity shares	Equity Share Capital (₹ in million)	Equity Share Premium (₹ in million)
September 24, 2018	50,00,000	10	100	Cash	Allotment to Edelweiss Financial Services Limited (Right Issue)	5,93,50,000	593.50	3,391.00
November 12, 2018	1,00,00,000	10	100	Cash	Allotment to Edel Finance Company Limited (Private Placement)	6,93,50,000	693.50	4,291.00

Shareholding pattern of our Company on September 30, 2021

Category	Category of shareholder	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)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. 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)
(A)	**Promoter & Promoter Group**	9*	69,350,000	-	-	69,350,000	100%	69,350,000	-	69,350,000	100.00%	-	69,350,000	-	-	-	-	69,349,994
(B)	**Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	**Non Promoter - Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	**Shares Underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	**Shares Held By Employee Trust**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**9**	**69,350,000**	**-**	**-**	**69,350,000**	**100%**	**69,350,000**	**-**	**69,350,000**	**100.00%**	**-**	**69,350,000**	**-**	**-**	**-**	**-**	**69,349,994**

** Includes six nominees holding one Equity Share each on behalf of Edelweiss Financial Services Limited.*

List of top 10 holders of Equity Shares of our Company as on September 30, 2021:

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	Edelweiss Financial Services Limited*	3,469,769	3,469,769	5.00
2.	Edelweiss Rural & Corporate Services Limited	38,300,000	38,300,000	55.23
3.	Edel Finance Company Limited	27,580,225	27,580,225	39.77
4.	Rashesh Shah as nominee of EFSL	1	-	Negligible
5.	Venkat Ramaswamy as nominee of EFSL	1	-	Negligible
6.	Tarun Khurana as nominee of EFSL	1	-	Negligible
7.	Deepak Mittal as nominee of EFSL	1	-	Negligible
8.	Ganesh Umashankar as nominee of EFSL	1	-	Negligible
9.	Himanshu Kaji as nominee of EFSL	1	-	Negligible
	Total	**6,93,50,000**	**6,93,49,994**	**100.0%**

** Excludes six nominees holding one Equity Share each on behalf of Edelweiss Financial Services Limited.*

List of top 10 holders of non-convertible securities as on September 30, 2021 (on cumulative basis):

(₹ in million)

S. No.	Name	Amount	% of total non-convertible securities outstanding
1.	Bank of India	1500.00	13.51
2.	Life Insurance Corporation of India	1500.00	13.51
3.	State Bank of India	1000.00	9.01
4.	Union Bank of India	1000.00	9.01
5.	Indian Bank	750.00	6.76
6.	Punjab National Bank	500.00	4.50
7.	Bochasanwasi Shriaksharpurushottam Swaminarayan Sanstha	493.00	4.44
8.	Apsrtc Employees Provident Fund Trust	350.00	3.15
9.	Canara Bank-Mumbai	250.00	2.25
10.	DBS Bank India Limited	200.00	1.80

[#]Above table excludes non-convertible securities held in treasury by the Company amounting to ₹294.99 million. These non-convertible securities were reduced from total outstanding non-convertible securities in the Financial Statement.

Statement of the aggregate number of securities of our Company and our Subsidiaries purchased or sold by our Promoters, Promoter Group, our Directors and the directors of our Promoters and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Except for the details as set out in the table below, no securities of our Company have been purchased or sold by our Promoters, promoter group, our Directors, directors of our Promoters and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
1	Edelweiss Financial Services Limited	Edel Finance Company Limited	August 6, 2021	Transfer	17,580,225

Statement of capitalization (Debt to Equity Ratio) of our Company as on September 30, 2021:

Particulars	Pre-Issue as at September 30, 2021	Adjustment for the proceeds from Proposed Issue	Post Issue as at September 30, 2021
Debt			
Debt Securities & Subordinated Liabilities	11,017.07	3,000	14,017.07]
Borrowings (Other than Debt Securities)	18,492.92	-	18,492.92
Total Debt (A)	**29,509.99**	**3,000**	**32,509.99**
Equity			
Equity Share Capital	693.50		693.50
Other Equity	6,961.60		6,961.60

Particulars	Pre-Issue as at September 30, 2021	Adjustment for the proceeds from Proposed Issue	Post Issue as at September 30, 2021
Total Equity (B)	**7,655.10**		**7,655.10**
Debt/ Equity (C= A/B)*	3.85		**4.25**

* *The debt - equity ratio post Issue is indicative on account of the assumed inflow of ₹ 3,000 million from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Details of Promoter's shareholding in our Company's Subsidiaries

Not Applicable as our Company has no subsidiaries.

Shareholding of Directors in our Company

The shareholding of the Directors in our Company as on the date of this Draft Prospectus is mentioned below:

Sr. No.	Name of Director	Number of Equity Shares
1	Deepak Mittal*	1

* *as a nominee holding one Equity Share on behalf of Edelweiss Financial Services Limited.*

Joint Venture and associate companies

NA

Details of any acquisition or amalgamation in the last one year

NA

Details of any reorganization or reconstruction in the last one year

NA

Employee Stock Option Scheme

NA

OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Draft Prospectus for a public issue of secured, redeemable, NCDs for an amount aggregating up to ₹3000 million.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Issue	[•]
Less: Issue related expenses*	[•]
Net proceeds	[•]

**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.*

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

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing, and for repayment/ prepayment of interest and principal of existing borrowings of our Company.	At least 75%
2.	General Corporate Purposes*	Maximum of up to 25%

**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 NCS Regulations.*

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

Purpose for which there is a requirement of funds

As stated in this section.

Funding Plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company’s financial statements for the relevant financial year commencing from Fiscal 2022, the utilisation of the 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 utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Interim use of proceeds

Our Management will have the 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. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Other Confirmations

In accordance with the SEBI NCS 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.

Proceeds from the Issue shall not be utilised towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property. No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, the Directors, Key Managerial Personnel, or companies promoted by our Promoter except in ordinary course of business.

No part of the proceeds from the Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. 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 including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

Our Company confirms that it will not use the proceeds from the Issue, directly or indirectly, for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof, the purchase or acquisition of any immovable property (direct or indirect) or acquisition of securities of any other body corporate.

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.

There is no contribution being made or intended to be made by the Directors as part of the Issue or separately in furtherance of the Objects of the Issue.

Issue related expenses break-up

The expenses for this Issue include, inter alia, lead management fees and selling commission to the Lead Managers, Lead Broker(s)/Consortium Members and intermediaries as provided for in the SEBI Operational Circular, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for this Issue is 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 including Registrar to the Issue and Debenture Trustees	[●]	[●]	[●]
Lead Managers Fee, Selling and Brokerage Commission, SCSB Processing Fee	[●]	[●]	[●]
Advertising and Marketing, Printing and Stationery Costs	[●]	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]	[●]
Grand Total	[●]	[●]	[●]

**Assuming the Issue is fully subscribed. The 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 Manager/ Lead Brokers / Sub brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ [●] per Application Form procured (plus 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. Further, RTAs and CDPs shall be paid ₹ [●] per each valid Application Form procured.

Variation in terms of contract or objects in this Draft Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Draft Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013. Further, in accordance with the SEBI Listing Regulations, in case of any material deviation in the use of proceeds as compared to the objects of the issue, the same shall be indicated in the format as specified by SEBI from time to time.

Benefit / interest accruing to Promoters/Directors out of the object of the Issue

Neither our Promoter nor the Directors of our Company are interested in the Objects of the Issue.

STATEMENT OF POSSIBLE TAX BENEFITS

The Board of Directors
Edelweiss Housing Finance Limited
Edelweiss House,
Off CST Road, Kalina,
Mumbai- 400 098

and

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex,
N.M. Joshi Marg, Lower Parel,
Mumbai 400 013

Edelweiss Financial Services Limited
Edelweiss House,
Off CST Road, Kalina,
Mumbai – 400 098,
Maharashtra, India.

(hereinafter referred to as "**Lead Managers**" or "**LMs**"

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") for an amount up to ₹ 1,500 million ("Base Issue"), with an option to retain over-subscription up to ₹ 1,500 million, aggregating up to ₹ 3,000 million ("Issue") of Edelweiss Housing Finance Limited ("Company" or "Issuer")

This certificate is issued in accordance with the terms of our engagement letter dated December 2, 2021.

The accompanying following note prepared by the Company, discusses the special tax provisions applicable to the Potential Debenture holders ("**Investors**") subscribing in the NCDs of Edelweiss Housing Finance Limited (the "**Company**") in Annexure A (hereinafter referred to as "**Statement of Tax Benefits/Statement**"), under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 (hereinafter referred to as the "**IT Act**") in connection with the offering.

Management's Responsibility

The preparation of this Statement as of the date of our certificate which is to be included in the Draft Prospectus and Prospectus (the "**Offering Document**") is the responsibility of the management of the Company.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Our Responsibility

Our responsibility is to examine whether the Statement prepared by the Company, in all material respects, is in accordance with applicable provision of the IT Act. For this purpose, we have read the statement of tax benefits as given in Annexure I, and evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect.

We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information. The benefits discussed in the enclosed Annexure I are not exhaustive. Several of these benefits are dependent on the Investors fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of Investors to derive the tax benefits is dependent on fulfilling such conditions.

The statement is only intended to provide general information and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation. Neither are we suggesting nor advising the investor to invest money based on this statement.

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

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

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. We have relied upon the information and documents of the Company being true, correct and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

In our opinion, the Statement of Tax Benefits prepared by the Company as set out in Annexure I materially covers all tax benefits available as at the date of our report to Debenture Holders, in accordance with provisions of the IT Act as amended.

Restriction on Use

We hereby consent to inclusion of the extracts of this certificate in the Draft Prospectus and, and/or any other document in relation to the Issue, and is not to be used, referred to or distributed for any other purpose without our prior written consent. 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 certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For **NGS & Co. LLP**
Chartered Accountants
Firm Registration. No. 119850W

R.P. Soni
Partner
Membership No.: 104796
UDIN: 21104796AAAEAC5044

Place: Mumbai
Date: December 31, 2021

Encl: Statement

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS DEBENTURES HOLDERS UNDER THE APPLICABLE LAWS IN INDIA STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

The Annexure is based on the provisions of the Income-tax Act, 1961 ('IT Act') as on date, taking into account the amendments made by the Finance Act, 2021 ('FA 2021').

This Annexure intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out of their participation in the Portfolio as indicated herein.

Taxability under the IT Act

A. ***Common provisions applicable to both Resident and Non-Resident debenture holders:***

1. Taxability under various heads of Income:

The returns received by the investors from Non-Convertible Debentures ('NCD') in the form of interest and the gains on the sale/ transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and gains of business or profession ('PGBP');
- Capital gains ('CG'); and
- Income from other sources ('IFOS').

For determining appropriate head of income (as mentioned above) *vis-à-vis* income or gain or loss from debentures, it will be pertinent to understand whether the debentures are held as 'Investments' i.e. capital asset or as 'Stock-in-trade'.

If the debentures are held as 'Stock-in-trade', interest income as well as gain or loss on its transfer will be subjected to tax under the head PGBP while if the same are held as 'Investments', interest income will be subjected to tax under IFOS and gain or loss on its transfer will be under the head CG (explained in ensuing paragraphs), based on facts of each case.

However, as per section 2(14) of the IT Act, the term 'capital asset' also includes amongst other things, any securities held by a Foreign Institutional Investor ('FII') which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992. Accordingly, all the securities held by an FII will get classified as capital assets (*viz.,* 'Investments') and classification as 'Stock-in-trade' would not apply.

The investors may obtain specific advice from their tax advisors regarding the above classification and tax treatment of their investments.

2. Taxation of Interest and Gain / loss on transfer of debentures:

- ***Taxation of Interest***

Income by way of interest received on debentures, bonds, and other debt instruments held as 'investments' will be charged to tax under the head IFOS at the rates applicable to the investor after deduction of expenses, if any, allowable under section 57 of the IT Act. These are essentially expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income. In case of debentures , bonds or other debt instruments held as 'stock in trade' interest received thereon will be charged to tax under the head PGBP.

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

- ***Gain or loss on transfer***

(a) Taxable under the head Profits and gains of business or profession

As discussed above, depending on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such investments would be considered to be in the nature of business income and hence chargeable to tax under the head PGBP.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (that is, net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

The business income so computed, as reduced on account of set-off of losses in accordance with Chapter VI of the IT Act and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions, if any, available under Chapter VI-A of the IT Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor (Refer Note 1 and Note 2).

Based on section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e. cash or mercantile).

Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.

(b) Taxable under the head Capital Gains

As discussed above, based on the particular facts of each case, the debentures may, in certain cases, be regarded to be held as 'Investments' in which case the gains or loss from the transfer/ sale of such investments would be chargeable to tax under the head CG.

3. Period of holding and Capital gain – long term & short term:

As per section 2(29AA) read with section 2(42A) of the IT 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 and the gain / loss on transfer of such debentures will be termed as long term capital gain / loss.
Accordingly, if the listed debenture is held for upto 12 months immediately preceding the date of its transfer, then the same will be treated as a short term capital asset and the gain / loss on transfer of such debentures will be termed as short term capital gain / loss.

4. Computation of capital gains and tax thereon

Capital gains are computed after reducing from the consideration received from the transfer of the capital asset, the cost of acquisition of such asset and the expenses incurred wholly and exclusively in connection with the transfer. The capital gains so computed will be chargeable to tax at the rates as detailed out in ensuing paragraphs.

5. Set off of capital losses

Long-term capital loss of a year can be set off only against long-term capital gains arising in that year and cannot be set off against short-term capital gains arising in that year. Balance loss, if any, can be carried forward for eight assessment years immediately succeeding the assessment year for which the first loss was computed, for claiming set-off against subsequent Years' long-term capital gains.

On the other hand, short-term capital loss in a year can be set off against both, short-term and long-term capital gains of the same year. Balance loss, if any can be carried forward for eight assessment years immediately succeeding the assessment year for which the first loss was computed, for claiming set-off against subsequent years' short-term as well as long-term capital gains.

B. Tax benefits available to Resident debenture holders:

- Interest on debentures received by resident debenture holders would form part of their total income and be subject to tax at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions of the IT Act.
- The capital gains shall be computed by deducting from the sale consideration expenditure incurred in connection with the transfer and cost of acquisition of the debentures.

  As per section 112 of the IT Act, capital gains arising on the transfer of long term capital assets being listed debentures are subject to tax at the rate of 10% (plus applicable surcharge and cess – Note 2 below) of capital gains calculated without indexation of the cost of acquisition.

  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.

  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 applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with the provisions of the IT Act.

C. Tax benefits available to Non-Resident debenture holders:

- A non-resident Indian has an option to be governed by Chapter XII-A of the IT Act, subject to the provisions contained therein which are given in brief as under:

  As per section 115C(e) of the IT Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

  As per section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20% (plus applicable surcharge and cess), whereas, long term capital gains on transfer of such debentures will be taxable at 10% (plus applicable surcharge and cess – Note 2 below) of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions contained therein.

- In accordance with and subject to the provisions of section 115-I of the IT Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the IT Act. In that case,

  Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% (plus applicable surcharge and cess – Note 2 below) computed without indexation.

  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 applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions of the IT Act.

  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 IT Act.

- As per section 90(2) of the IT Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (‘DTAA’) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year 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. If the TRC does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the assessee along with TRC.

D. Tax benefits available to Foreign Institutional Investors (‘FII’s):

- In accordance with and subject to the provisions of section 115AD of the IT Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and cess – Note 2 below) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess - Note 2 below). The benefit of cost indexation will not be available.

- Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess - Note 2 below) in accordance with and subject to the provisions of Section 115AD of the IT Act.

- However, the above is subject to any relief available under DTAA entered into by the Government of India (as mentioned in Point C above).

- 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 IT Act.

E. Withholding provisions

The withholding provisions provided under the Act are machinery provisions meant for tentative deduction of income-tax subject to regular assessment. The withholding tax is not the final liability to income-tax of an assessee. For rate of tax applicable to an assessee, please refer Notes 1 and 2 below:

Sr. No.	Scenarios	Provisions
1	Withholding tax rate on interest on NCD issued to Indian residents	▪ Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the IT Act at the rate of 10 per cent. ▪ No tax is required to be deducted on interest paid to an individual or a HUF, in respect of debentures issued by a company in which the public is substantially interested if; - the amount of interest paid to such person in a financial year does not exceed INR 5,000; and - such interest is paid by an account payee cheque ▪ Further, no tax is required to be deducted 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 (42 of 1956) and the rules made thereunder.
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FII)	▪ Interest on NCD issued to FII may be eligible for concessional withholding tax rate of 5 per cent under section 194LD of the IT Act. ▪ Interest on NCD issued to FII may alternatively be eligible for concessional tax rate of 5 per cent under section 194LC(2)(ia) of the IT Act provided specific approval is obtained from Central Government for interest rate. If both sections i.e. 194LC and 194LD of the IT Act are not applicable, then tax deduction should be made as per sections 196D read with section 115AD of the IT Act i.e. at 20 per cent subject to relief under the relevant DTAA, if any. ▪ Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by a surcharge and health and education cess.
3	Withholding tax rate on interest on NCD issued to non-residents other than FIIs	▪ Interest payable to non-resident (other than FII) would be subject to withholding tax at the rate of 30 per cent/40 per cent as per the provisions of section 195 of the IT Act subject to relief under the relevant DTAA depending upon the status of the non-resident. Alternatively, benefits of concessional rates of 5 per cent under section 194LC of the IT Act could be availed provided specific approval is obtained from the Central Government with respect to the rate of interest. ▪ Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable.
4	Withholding tax rate on purchase of 'goods'	▪ As per section 194Q of the IT Act, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 percent. ▪ Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceeding the financial year in which the purchase is carried out.

Sr. No.	Scenarios	Provisions
		▪ TDS shall not be applicable where; a. Tax is deductible under any of the provisions of the IT Act; or b. Tax is collectible under the provisions of section 206C of the IT Act other than a transaction to which section 206C(1H) of the IT Act applies ▪ The CBDT has issued Circular No 13 of 2021 dated 30 June 2021 laying down guidelines under section 194Q of the Act. It *inter alia* provides that TDS under section 194Q of the Act shall not apply to transaction in securities and commodities which are traded through recognised stock exchange or cleared and settled by the recognised clearing corporation (including exchanges or corporation located in IFSC). ▪ Given that the Circular does not provide clarity in respect of shares/ securities traded off-market, it is advisable that the investors obtain specific advice from their tax advisors regarding the same.

F. *Amendments* in the withholding tax provisions

Section 139A(5A) requires every person from whose income tax has been deducted under the provisions of chapter XVIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

As per provisions of section 206AA of the IT Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 per cent or any higher rate of TDS, as may be applicable, plus applicable surcharge and health and education cess.

Section 206AA of the IT Act to provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

Further, the CBDT, vide its notification dated 24 June 2016, has clarified that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

Further, as per section 206AB of the IT Act, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

In cases, where both section 206AA and section 206AB of the IT Act are applicable, taxes shall be deducted at higher of the rate prescribed under both the sections.

For the purpose of this section, specified person means any person-

- Who has not filed an income-tax return for two preceding AYs relevant to the previous years immediately prior to the previous year in which the tax is required to be deducted and the prescribed time limit to file the income-tax return has expired;
- The aggregate amount of TDS is INR 50,000 or more in each of these previous years
- Other than a non-resident who does not have a permanent establishment in India.

G. General Anti Avoidance Rules ("GAAR")

The General Anti Avoidance Rule (''GAAR'') was introduced in the IT Act by the Finance Act, 2012. The Finance Act, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to accrue or arise or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

Note 1: Tax Rates

Resident Individuals and Hindu Undivided Families:

The individuals and HUFs are taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income up to Rs 250,000#	Nil
More than Rs 250,000# but up to Rs 500,000@	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 1,000,000	20 per cent of excess over Rs 500,000 + Rs 12,500$
Exceeding Rs 1,000,000	30 per cent of excess over Rs 1,000,000 + Rs 112,500$

@A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.
* plus surcharge if applicable and a health and education cess ('cess') of 4 per cent on the amount of tax plus surcharge, if applicable).
# for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above ("super senior citizen) Rs 250,000' has to be read as Rs 500,000.
$Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.

Alternatively, where an individual or a HUF exercises the option to be assessed to tax under the provisions of section 115BAC of the IT Act, the following shall be the rate of tax applicable. Further, the option to be assessed to tax in accordance with the provisions of section 115BAC of the IT Act once exercised by an individual or HUF carrying on business or profession for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, such individual or HUF shall never be eligible to exercise the option to be assessed in accordance with the provisions of section 115BAC of the Act except where such individual or HUF ceases to have any income from business or profession, in which case, the option to be assessed to tax as per the provisions of section 115BAC of the IT Act shall be available:

Slab	Tax rate *
Total income up to Rs 250,000	Nil
More than Rs 250,000 but up to Rs 500,000@	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 750,000	10 per cent of excess over Rs 500,000 + Rs 12,500
More than Rs 750,000 but up to Rs 1,000,000	15 per cent of excess over Rs 750,000 + Rs 37,500
More than Rs 1,000,000 but up to Rs 1,250,000	20 per cent of excess over Rs 1,000,000 + Rs 75,000
More than Rs 1,250,000 but up to Rs 1,500,000	25 per cent of excess over Rs 1,250,000 + Rs 1,25,000
More than Rs 1,500,000	30 per cent of excess over Rs 1,500,000 + Rs 1,87,500

@A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.
** plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).*

Partnership Firms & LLP's:

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies:

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic companies having turnover or gross receipts of upto Rs 400 Cr in FY 2019-20	25 per cent	15 per cent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2023, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not applicable
Domestic companies not falling under any of the above category	30 per cent	15 per cent

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assessees other than firm, co-operative societies and FIIs):

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the Act) does not exceed Rs 2 crore but total income (including dividend income and income under the provisions of section 111A and section 112A of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	- 25 per cent on tax on income excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act - 15 per cent on tax on dividend income and income under the provisions of section 111A and section 112A of the IT Act
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 5 crore	- 37 per cent on tax on income excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act - 15 per cent on tax on dividend income and income under the provisions of section 111A and section 112A of the IT Act

FIIs (Non – corporate):

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income	10 per cent on total tax

of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	- 25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 5 crore	- 37 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act

For assessees other than those covered above:

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	Nil where total income does not exceed Rs 1 crore
	12 per cent where total income exceeds Rs 1 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where total income does not exceed Rs 1 crore
	7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	12 per cent where total income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of total income)
Foreign Companies (including corporate FIIs)	Nil where total income does not exceed Rs 1 crore
	2 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	5 per cent where total income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.
Notes:

- 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.
- The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any other law.
- The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2022-23 pursuant to the Financial year 2021-22.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the Debentures of the Company.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

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

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information under this section has been derived from the industry report titled "*Industry Report on Housing Finance*" dated December 2021 prepared by CARE Advisory Research and Training Limited (CareEdge Research) in an "as is where is basis" and the information in this section has not been independently verified by the Company, the Lead Managers, our Legal advisors or any of 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 they believe 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 this Draft Prospectus.

Overview of Global Economy

The global economic recovery continues amid a resurging pandemic that poses unique policy challenges. Vaccinations have proven effective at mitigating the adverse health impacts of COVID-19. However, unequal access to vaccines, vaccine hesitancy, and higher infectiousness have left many people still susceptible, providing fuel to the pandemic. The marked spread of the Delta variant and the threat of new variants that could undermine vaccine effectiveness make the future path of the pandemic highly uncertain. This has implications for the resilience of a recovery already in uncharted territory—characterized by pandemic-induced supply-demand mismatches that could worsen with a more protracted health crisis.

Gaps in expected recoveries across economy groups have widened since the July forecast, for instance between advanced economies and low-income developing countries. As recoveries proceed, the risks of derailments and persistent scarring in heavily impacted economies remain so long as the pandemic continues.

Meanwhile, inflation has increased markedly in the United States and some emerging market economies. As restrictions are relaxed, demand has accelerated, but supply has been slower to respond. Commodity prices have also risen significantly from their low levels of last year. Although price pressures are expected to subside in most countries in 2022, inflation prospects are highly uncertain. These increases in inflation are occurring even as employment is below pre-pandemic levels in many economies, forcing difficult choices on policymakers—particularly in some emerging market and developing economies.

GDP growth in the first half of 2021 was broadly in line with expectations. Outturns for first quarter global GDP were stronger than anticipated, reflecting continued adaptation of economic activity to the pandemic and associated restrictions as well as ongoing policy support in many countries. Momentum, however, weakened in the second quarter, weighed down by increasing infections in many emerging market and developing economies and by supply disruptions. Expenditure decompositions are consistent with input shortages contributing to weak investment in the second quarter. Recent high-frequency data are mixed. They suggest that the recovery continues, but with some softening in the third quarter, even while broadening across sectors. Services production is expanding, albeit prone to setbacks.

The global growth outlook is revised down for 2021 and is unchanged for 2022. The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022. The 2021 forecast is revised down 0.1 percentage point relative to the July World Economic Outlook (WEO) Update, reflecting forecast downgrades to the advanced economy and low-income developing countries groups

Source: IMF (World Economic Outlook – October 2021 update)

Overview of Indian Economy

The Q2 of FY 22 growth rate has propelled India as the World India's economy grew by 8.4% year-on-year in Q2 of FY 22. On a sequential basis (quarter-on-quarter basis), domestic economic output expanded by 10.4%. The easing/ removal of lockdowns across states along with the steady decline in covid-19 cases and the higher vaccination rate facilitated higher economic activity and output in the latest quarter.

The nominal GDP has grown by 17.6% from Q2 FY21 and is 8.4% higher than the previous quarter. The high growth here is reflective of the price pressures across the various goods and services in the economy. Even though, the elevated growth rates over a year ago largely reflect the sharp contraction the country's economy suffered last year, the annual, as well as sequential improvement, suggests that the domestic economy is on the path to recovery.

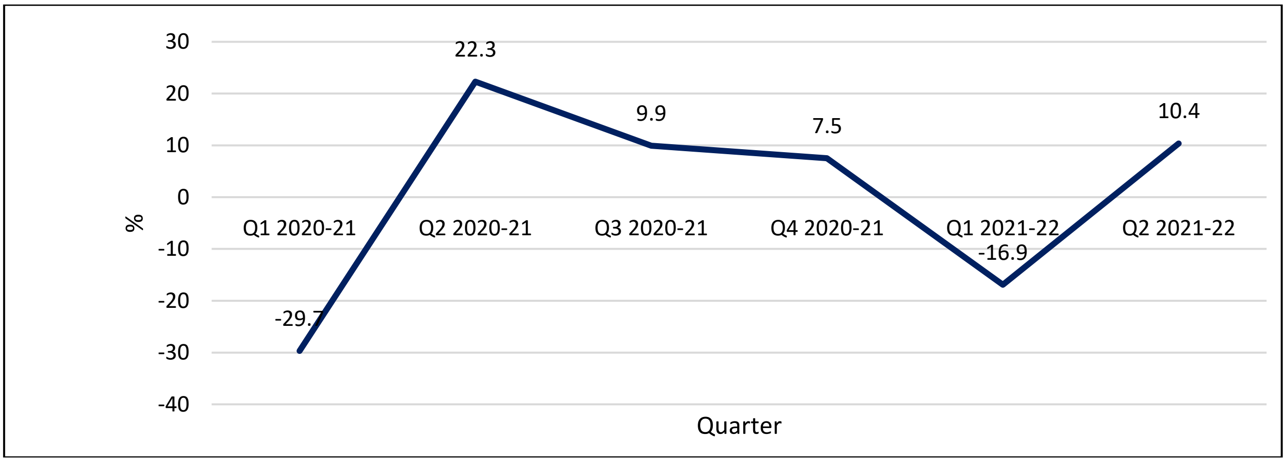
Even though the Indian economy has come off from the record decline of last year, it is yet to surpass pre-pandemic levels in a meaningful manner. When compared with the pre-pandemic period i.e., Q2 FY20, the GDP in Q2 FY22 is only marginally higher by 0.3%.

Quarterly GDP growth in % at constant prices (y-o-y)

	Q2 FY20	Q2 FY21	Q2 FY22	Q2 FY 22 over Q2 FY20
Real GDP	4.4	-7.4	8.4	0.3
Nominal GDP	5.9	-4.0	17.6	12.4

Source: MOSPI, CARE Ratings Economics Research report

Sequential growth in GDP at constant prices (in %)



Source: MOSPI, CARE Ratings Economics Research report

There are increasing signs of a higher level of activity across sectors. This has given rise to optimism that the recovery in the domestic economy is strengthening. Even if the pace of recovery is sustained in the next two quarters, India's GDP for the year is expected to be only marginally higher than that in FY20 (by around 2%).

Demand and investments are yet to see a meaningful and durable pick-up. Improvements in these are expected to be limited and gradual given that even before the pandemic, the domestic economy was grappling with low demand and subdued investment climate. To add to this, domestic and external challenges and uncertainties still abound. The rise in price levels and the underlying threat from new variants of the Covid virus and the associated challenges of on-and-off restrictions and lockdowns could be a setback/challenge for domestic as well as global recovery.

Given the uncertainties associated with the scale of economic recovery, the RBI is expected to maintain its growth focus and continue with the accommodative monetary policy stance even as it moves towards gradual normalization of support.

As per the CareEdge Ratings Economic Research Report, economic activity is expected to attain and surpass the pre-pandemic level from Q3 FY22 onward, hence the projection for the FY 22 made is 9.1%.
As per RBI's recent fifth bi-monthly monetary policy for 2021-22, the RBI has highlighted downside risks to the growth outlook – on account of the emergence of Omicron variant and consequent renewed surge in Covid-19 infections across countries globally.

To add to this there are headwinds from elevated global commodity prices, potential volatility in global financial markets with faster normalization of monetary policy in advanced economies, and prolonged global supply bottlenecks.

In terms of quarterly growth, it has revised downward the GDP growth projections for Q3 and Q4 of FY22 from its earlier estimates of October'21 (by 0.2% and 0.1% respectively). The Q1 FY22 growth estimates have been left unchanged at 17.2% and it has pegged Q2 FY23 GDP growth at 7.8%

RBI's GDP Growth Outlook (estimates in %) - as of Dec 2021

	Q3 FY 22	Q4 FY 22	FY 22	Q1 FY 23	Q2 FY 23
GDP Growth (%)	6.6	6	9.5	17.2	7.8

Source: RBI press release dated December 8, 2021

Concluding Remarks

The Reserve Bank of India (RBI) at its fifth bi-monthly monetary policy meeting for FY22 concluded on 8th December 2021, maintained the repo rate at a record low of 4% and continued with its accommodative policy stance. RBI reiterated its emphasis on growth and economic revival

The central bank's focus on supporting economic growth prevailed at the just announced policy review, as in its assessment even though economic recovery is gaining traction it is not yet strong enough to be self-sustaining and durable. It has reiterated that the accommodative monetary policy stance would be maintained for as long as necessary for reviving and sustaining economic growth. At the same time the RBI continues to move towards gradual normalization of policy support. It did not announce any fresh liquidity infusion measures and indicated that it would keep rebalancing and fine-tuning the liquidity surplus in the banking system.

In its latest monetary policy meet, the RBI has kept CPI inflation target unchanged at 5.3% for the financial year 2022. However, the upward revision of CPI estimate for Q3 FY22 to 5.1% from 4.5% earlier is indicative of price pressures build up in the near term. Soaring vegetable prices, hike in telecom tariffs along with lower statistical base are expected to push retail inflation print closer to the upper limit of the RBI's target band. Also, any plausible supply chain disruptions from Covid-19 latest variant could dilute the impact of reduced fuel duties on CPI. Against this backdrop, CARE Ratings Economic Research estimates the retail inflation for the year to average around 5.5% with an upward bias.

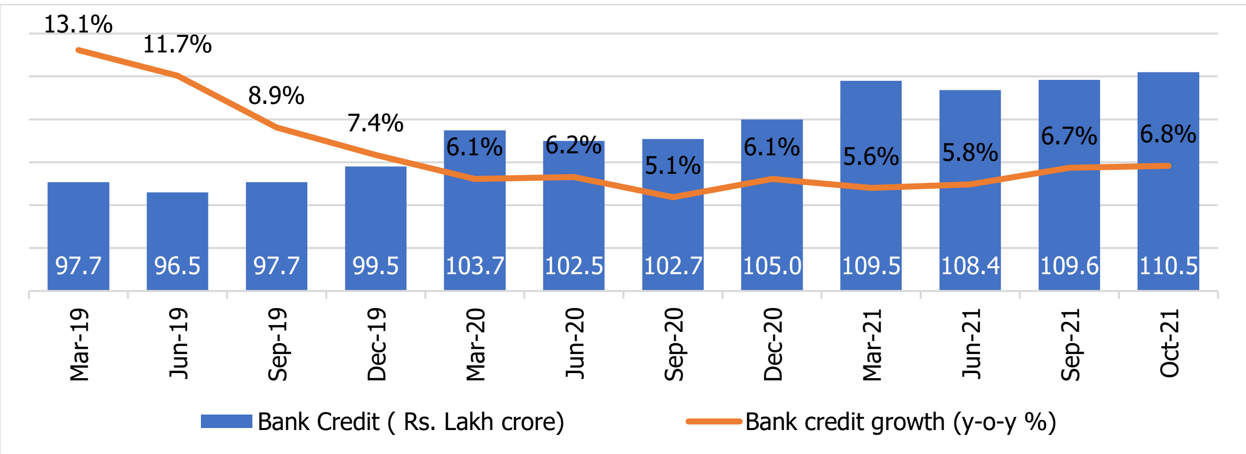
Credit Market Overview

Bank credit growth decelerated to 6.1 percent during 2019-20 after rising for the preceding three years. Overall credit disbursed by scheduled commercial banks (SCBs) slowed further during the 2020-21 financial year to just around 5.6 percent from previous growth of around 6.1 percent y-o-y in March 2020. The slowdown in credit growth during the financial year 2020-21 was led by a combination of a severe slump in demand from credit amid the Covid-19 pandemic and hesitation on part of banks when it came to disbursing loans in the aftermath of the NPA crisis.

The first half of 2020-21 saw industrial activity coming to a halt following the nationwide lockdown. Simultaneously, companies faced problems ranging from delayed payments on orders services amid business slowing down. Additionally, the recessionary fears brought by the pandemic made the corporate sector wary of resorting to bank financing. Companies waited for the effects of the pandemic to recede and businesses to return to normalcy before availing fresh credit. Retail credit, which slowed down for three consecutive quarters ending September 2020, reversed its trend in the festive quarter of December 2020.

Bank Credit Growth

Growth of Bank Credit:



Source: RBI, CareEdge Research

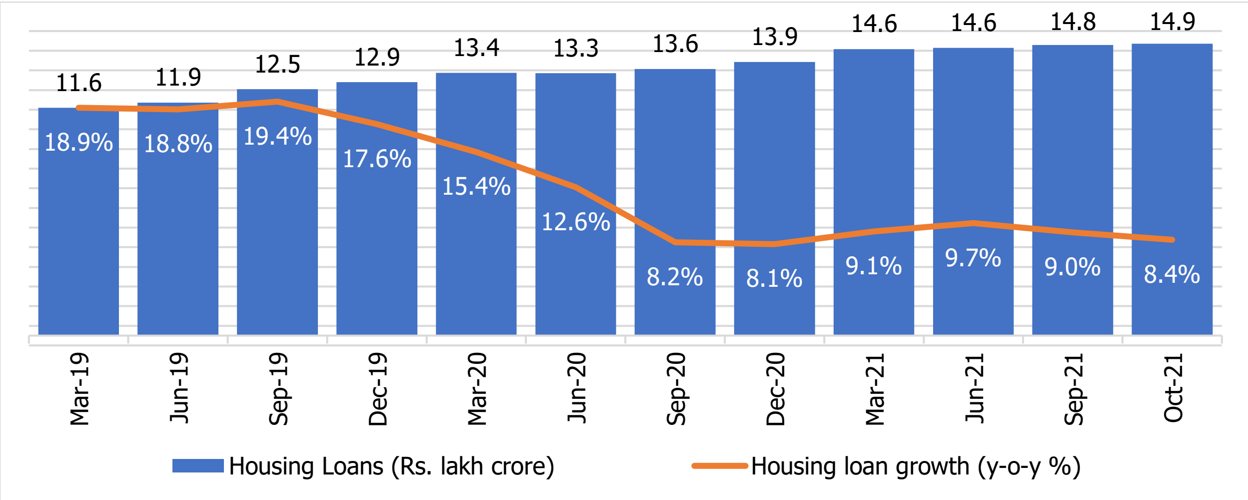
• Amid the second wave of the pandemic, the bank credit growth has remained tepid owing to the risk aversion by both lenders and borrowers and regional lockdowns imposed by states in the earlier part of this year to curb the spread of Covid-19. However, following the relaxation in lockdown since June 2021, bank credit growth has improved gradually from 5.8 percent in June 2021 to around 6.8 percent in Oct 2021. The overall non-food credit growth continues to be driven by retail, and agriculture & allied activities segments.

• With the onset of the festive season, bank credit has been led by growth in the retail segment. This rise has been supported with rate cuts by banks to push retail credit as several banks are offering home loans at record low-interest rate ahead of the festive season, e.g., in October 2021, banks like PNB has cut down their benchmark lending rate by 5 basis points to 6.50 percent and Union Bank of India (UBI) has slashed the interest rate on home loans by 40 basis points.

• The outlook for bank credit growth is expected to be in the range of 7.5 percent to 8.0 percent for FY22 with a low base effect, economic expansion, extended ECLGS[1] (Emergency Credit Line Guarantee Scheme) support (sanctions permitted till March 2022 and disbursements till June 2022), and retail credit push. The medium-term prospects look promising with diminished corporate stress and increased provisioning levels across banks. The retail loan segment is expected to do well as compared with industry and service segments.

Share of Housing loans in Banks Credit portfolio
Housing loans form the largest single segment of lending by banks. The rapid growth of housing loans in banks' portfolios over the last two decades has resulted in these loans becoming a significant component of the overall loan portfolio of banks.

Growth of Housing Bank Credit



Source: RBI, CareEdge Research

Growth of bank credit to housing had already slowed, it was more impacted by the Covid-19 pandemic. The growth of bank credit to housing loans was less affected by the second wave of Covid-19. Over the period March 2019-Oct 2021, the housing bank credit has grown over Rs.3,00,000 crore.

Overview of Housing Market

Housing development and democratized homeownership are important economic and social policy objectives in India. Economic development and rising per capita income have created a new aspirational India. Owning a home is an essential part of Indian aspirations.

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

The purpose of a housing finance system is to provide the funds to home aspirational. In many countries, the government has created a complex procedure for availing finance which has complicated the housing finance system. The important feature of any financing scheme is the ability to channel the funds of investors to those purchasing their homes. The role of housing finance is to eliminate these obstacles and contribute to better living standards for a thriving economy. This will directly or indirectly generate demand for supporting industries and lead to the creation of job opportunities.

India has changed socially and there is no stigma attached today to go for borrowed funds. The emergence of housing finance is a major business in the country, the demand for housing loans was rapidly increasing in recent years. The reasons for this were easy affordability of housing, declined property prices, reduced interest rates, attractive tax incentives, supporting government policy (PMAY), and an increase in overall household incomes.

Despite policy focus and sustained government efforts, India still suffers from a housing shortage that could increase with a rising population. Government of India estimates suggest that India will need anywhere between 80 million to 100 million additional housing units by 2022; the costs of building these additional units could be from Rs.100 trillion to Rs.115 trillion. To meet the ambitious target of 'Housing for All' by 2022, enhanced efforts will be needed on issues that relate to housing, as also those that relate to finance for housing.
The real estate industry is one of the most crucial and recognized sectors across the globe. The industry can be further segmented into four sub-sections – housing, commercial, retail, and hospitality. Of these, the residential segment contributes to close to 80 percent of the overall sector. The growth of the overall real estate industry also depends upon the growth in the corporate environment and the demand for office space, urban and semi-urban accommodations. The construction industry is therefore one of the major sectors in terms of its direct, indirect, and induced impacts on all the sectors of the economy.

In India, the real estate industry is the second largest employment generator after agriculture. Around three houses are built per 1,000 people per year as against the required construction rate of five houses per 1,000 individuals per year, as per industry estimates. This indicates that there is significant untapped potential for growth in the sector. While the current shortage in housing in urban areas is pegged at around 10 million units, the shortage in the affordable housing space is expected to be much higher considering the population belonging to that strata. Along with this, increased economic growth and the uptick in India's service sector have created additional demand for office space, which in turn is likely to result in greater demand for housing units in the nearby vicinity.

India is in the top 10 price-appreciating housing markets internationally. Therefore, it is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. The growing flow of funds through the FDI route in Indian real estate is encouraging increased transparency. Developers, to attract funding, have revamped their accounting and management systems to meet due diligence standards.

The residential real estate segment was performing exceptionally well during the first half of the previous decade on account of growth in the economy and the services sector which resulted in migration to metros and propelled the demand for housing units in these areas. However, problems related to elevated property prices, delayed launches by developers, and stalled projects triggered some cold feet towards the sector. From the point of view of financing too, the IL&FS crisis created problems in the NBFC sector, which is a pivotal source of funding for real estate. To add to this, the Covid-19 outbreak in early 2020 and the concomitant lockdowns across the country caused acute stress to the residential real estate segment during the first half of the 2020 calendar year.

Covid-19 impact on housing sales and prices

The slowdown in real estate and housing finance began after the IL&FS crisis in September 2018. The liquidity crunch in housing finance companies and non-banking financial companies impacted construction activities. Despite the government and central bank's intervention to improve things, the housing finance sector did not pick up as expected due to the low demand as the economy slowed post the financial year 2020 budget. The slowdown was further worsened by the Covid-19 pandemic.

With the Covid-19 pandemic impacting all sectors of the economy, the troubles have compounded for India's housing sector, homebuyers postponed their property purchase decisions to maintain liquidity. The credit shortage brought down the residential sales from four lakh units in 2019-20 to 2.8 lakh units in 2020-21 across the top seven cities of India. The restricted movement and cautious buyer sentiment due to the Covid-19 led lockdown translated into an unprecedented surge in the unsold inventory as well.

After the Covid-19 induced lockdown was lifted, the real estate industry has witnessed a gradual recovery. The second wave of the Covid-19 pandemic affected the industry a little as after the first lockdown stage in April 2020, people realized the value of home ownership.

In the initial stages lockdown developers withhold prices due to limited profit margins but after the second wave of Covid-19 pandemic rates of properties in most Indian cities have, in fact, increased during the July-September period of 2021.

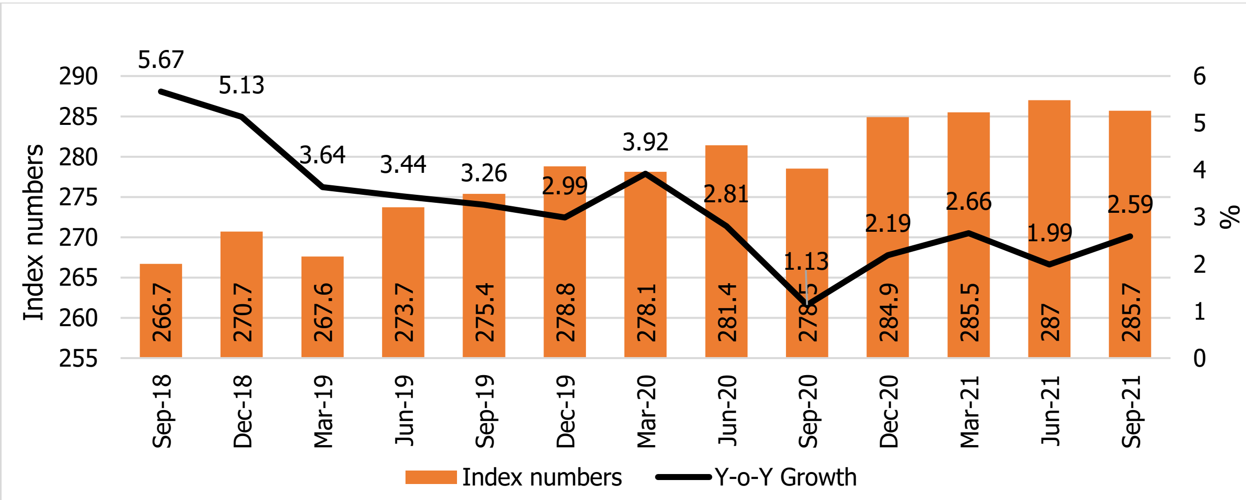
Government support towards housing has helped improve affordability. Housing is one of the key priority areas for both the Centre and the States governments, since the Independence and will continue to remain so. The housing development is a key driver of broader economic and community development, employment creation, asset creation, and wealth accumulation.
The government has shown keen interest in this industry and hence has taken various steps through their policymaking such as the Real Estate Regulatory Act (RERA), Benami Transactions Act, the boost to affordable housing construction, and Interest subsidy to home buyers.

Pradhan Mantri Awas Yojana (PMAY), the government of India's Housing for All initiative is expected to bring USD 1.3 trillion investment in the housing sector by 2025. The scheme is expected to push affordable housing and construction in the country and give a boost to the real estate sector.

The reopening of the economy saw the government and the central bank announcing measures to provide incentives and inject liquidity in the real estate sector. Various states such as Maharashtra and Karnataka also announced a reduction in stamp duty charges. Interest rates also averaged lower as banks passed on the benefits of low-interest rates from the central bank to retail borrowers. This, coupled with a revival in economic activity and the release of pent-up demand helped push property sales. The recovery in demand also reflects in housing prices across India.

Movement in Housing Price

All India House Price Index



Source: RBI

The All-India Housing Price index by the RBI shows that average housing prices across India recorded an increase in both, absolute and growth terms. The index recorded growth during the first half of 2021-22 over the corresponding year-ago period and housing prices were 2.6 percent higher during the latest concluded September quarter indicating that demand is indeed on the rise and buyers are willing to pay more when compared to last year.

While the 2.6 percent rise in housing prices during the September 2021 quarter also came on the back of subdued housing prices during the year-ago quarter, the broad momentum in housing prices has been positive even when compared to pre-pandemic times. The housing price index numbers show that index numbers registered from the second half of 2020-21 onwards were higher than those prior to the March 2020 quarter. The housing price index numbers stood at 287 and 285 during the June 2021 and September 2021 quarters, respectively, and these levels were not surpassed even prior to the pandemic. This indicates that the demand conditions are higher not just due to a pandemic-led low base, but the housing market itself is witnessing better growth.

In 2021-22, project completions might be slower than in the past years. The overall effects of the pandemic are receding, there is good progress on the vaccination front, and an overall better preparedness in dealing with more waves and virus variants. Together, these along with the broad recovery in the economy will aid the sales and demand of the residential real estate industry. For the rest of 2021-22, we expect fewer launches as developers are likely to focus on exhausting existing inventory. Growth on the sales front will be driven by a combination of last year's low base and higher volume sales.

Within the residential real estate segment, we expect the following trends to lead to revival and growth –

- **Low-interest rates and increased savings** – Home loan rates offered by banks are currently at record lows and they are unlikely to stage a rebound in the near term due to the Government and the RBI prioritizing the recovery of the economy. This, along with higher savings of better-off individuals during the pandemic, may lead to consumers preponing their plans of buying or investing in new property

- **Relocations and shift in buying behavior** – The Covid-19 pandemic shifted the attitude that resulted in consumers buying new homes. As the pandemic forced individuals to spend all their time within the confines of their homes, most families became acutely aware of the lack of space or limitations with respect to facilities offered in their complexes. We expect such families to be motivated to relocate and make new purchases due to the want of more open space, modern amenities, proximity to their workplace, and desire to relocate closer to extended families and friends. The demand for projects with good architecture, uncluttered space, and recreational activities for children and the elderly is projected to increase.

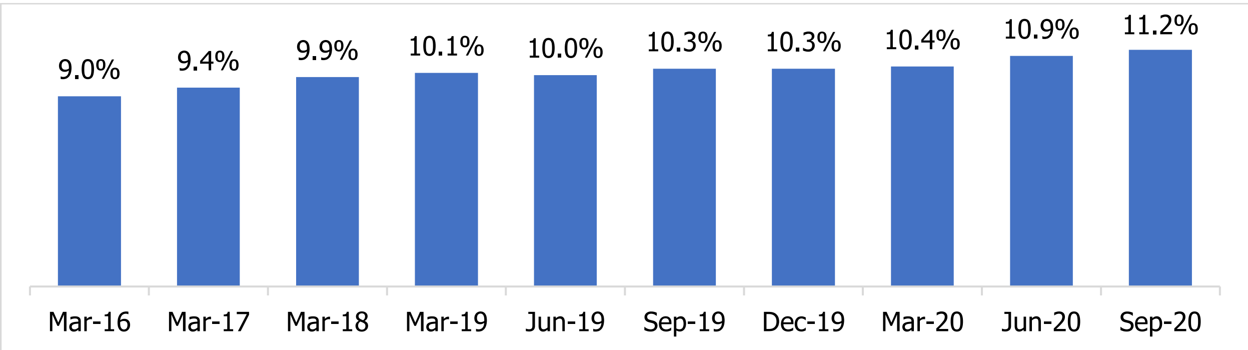
- **Holiday and second homes** – The need for social distancing and pandemic-led cabin fever opened up a new avenue for realtors – second homes and holiday homes. Consumers, mainly those belonging from affluent classes, are feeling the need for owning a holiday home for quick, short breaks over the weekend, workcations, or the want for socially distancing in second homes.

While the sector seems to have returned to normalcy, a consistent growth could be impacted by financial distress to households caused by the pandemic and may prompt consumers to think twice before making big-ticket expenses on and prioritize savings, especially given the fears surrounding a possible third wave post the emergence of the new variant of the virus.

Overview of Housing Finance Companies

Housing Finance Companies (HFCs) serve as an alternative financing channel to the real estate and housing sector and are a part of the non-banking financial companies (NBFC) sector. HFCs play an important role in the Indian financial system by complementing and competing with banks, specializing in credit delivery to home buyers, providing an opportunity to those businesses which want to monetize their real estate assets and developers. They develop strong niches with their specialized credit delivery models that even larger players including banks have found hard to match.

Housing Credit as a proportion of India's GDP (%)



Source: Industry Reports

The HFCs have great potential when it comes to growth in the Indian housing space. Compared to other countries' housing finance sectors, the Indian housing finance sector is yet to fully tap the potential present in the segment. Over the last five years, the Indian home loan portfolio has grown twice its size. As a result of, increase in disbursements owing to a rise in demand in tier-II and III cities, a rise in the number of nuclear families, growing disposable incomes along with fiscal incentives such as reduction in stamp duty and interest rate cuts on home loans, among others. In addition to this, the pandemic has led people to spend an increased number of hours indoors owing to work from home, the need for a more hygienic living environment, and a desire to adopt a sustainable lifestyle. These, in turn, have led to an increase in additional housing demand.

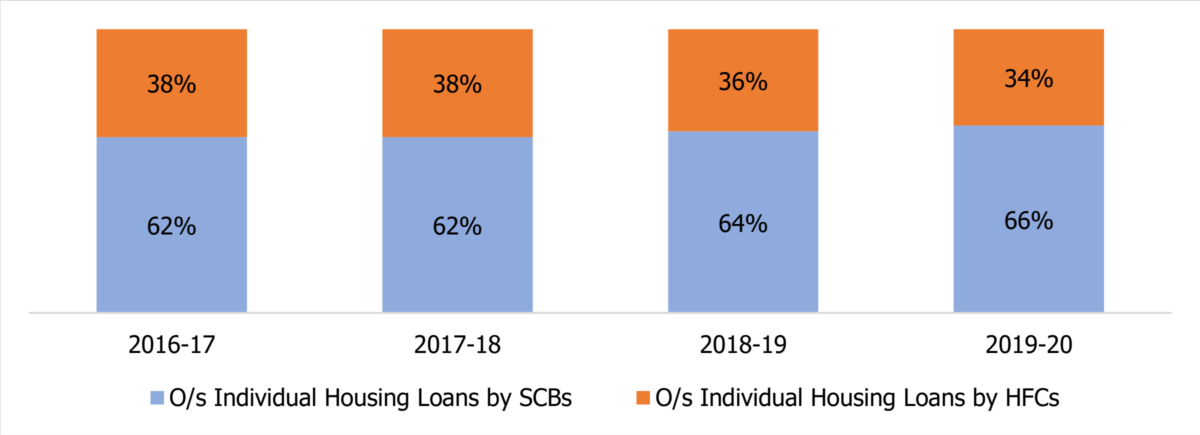
While housing demand was deeply impacted during the first half of FY 2020-21, the situation improved in the second half owing to the pent-up demand, falling interest rates, and the extension of the credit subvention scheme for the affordable housing segment. Post-pandemic, there has been an incremental need for owning a home rather than renting out.

HFC's share in Housing Finance

The rapid growth of housing loans in banks' portfolios over the last two decades has resulted in these loans becoming a significant component of the overall loan portfolio of banks.

The HFCs have gained market share. Banks also purchase housing loan portfolios from other intermediaries and so the stock of loans outstanding may not reflect the proportion of disbursements.

Share of Banks and HFCs in O/s Individual Housing Loans



Sources: Industry Reports

Over fiscals 2018-19, HFCs' share in home loans outstanding increased. However, starting F.Y.2019, the trend reversed with banks growing faster than HFCs due to the NBFC crisis and liquidity issues faced by HFCs. Against the backdrop of the overall economic scenario, the housing finance sector witnessed a moderation in growth during F.Y.2019-20.

The combined growth of HFCs and Individual Housing Loan of Banks grew 10% in F.Y.2020 as compared to 16% in F.Y.2019. HFCs' market share of total individual housing loans stood at 34% in F.Y.2020 as compared to 36% in F.Y.2019.The pace of growth of banks remained higher than that of HFCs, partly supported by portfolio buyouts, leading to an increase in their market share of Individual Housing Loan to 66% as compared to HFCs' share of 34%. This shows the rising competition from the banks. Housing loans of NBFCs including Housing finance companies stood at around Rs. 7.6 trillion as of fiscal 2021.

Impact of Covid-19 on Housing Finance Companies

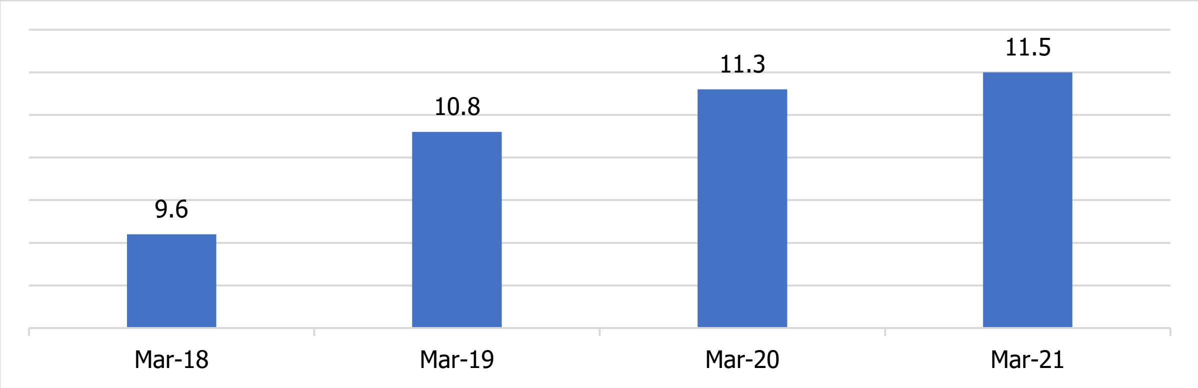
Covid-19 Impact

- The Economic Crisis caused by covid-19 is different from other shocks in recent times as Covid-19 has caused risk to human life, Changes in lifestyle due to fear of contagion, and regulatory restrictions (social distancing and travel restrictions) affect demand. Spans across almost all geographies and sectors, Steep and sudden downfall in business activity, Uncertainty about the speed and strength of the business recovery
- It has affected the HFC's and overall NBFC sector at large and gave yet another jolt to lenders:
  - ✓ NBFCs/HFCs were on the path to recovery from recent shocks of demonetization, GST implementation, liquidity crunch, COVID-19 has impacted growth as well as asset quality across all types of lenders
  - ✓ The resilience of any lender to this shock varied depending on:
    a. Target customer segment (salaried vs self-employed vs MSME vs large corporate)
    b. Operating model (physical vs digital)
    c. Operating cost structure

- Effect on disbursement
  - ✓ Fresh disbursement came to halt
    - a. Sanctioned and not disbursed cases have been put on hold; lenders are planning to reevaluate the borrowers' post lockdown
    - b. Few fintech's, especially in MSME lending, are selectively lending to grocery and pharmacy retailers in a few locations
  - ✓ Limited disbursement to existing customers and along with continued tranche disbursements (especially in home loans) and drawdowns from sanctioned lines of credit.
- Effect on Collection
  - ✓ Sales and credit teams were assisting in reaching out to both current and delinquent customers
  - ✓ Digital modes of collection such as payment wallets, UPI, etc. are being leveraged in the absence of cash collection.
  - ✓ RBI had provided a moratorium on EMIs, Share of salaried customers was opting for the moratorium was small when compared to Self-employed and MSME borrowers.

Business Growth Trend

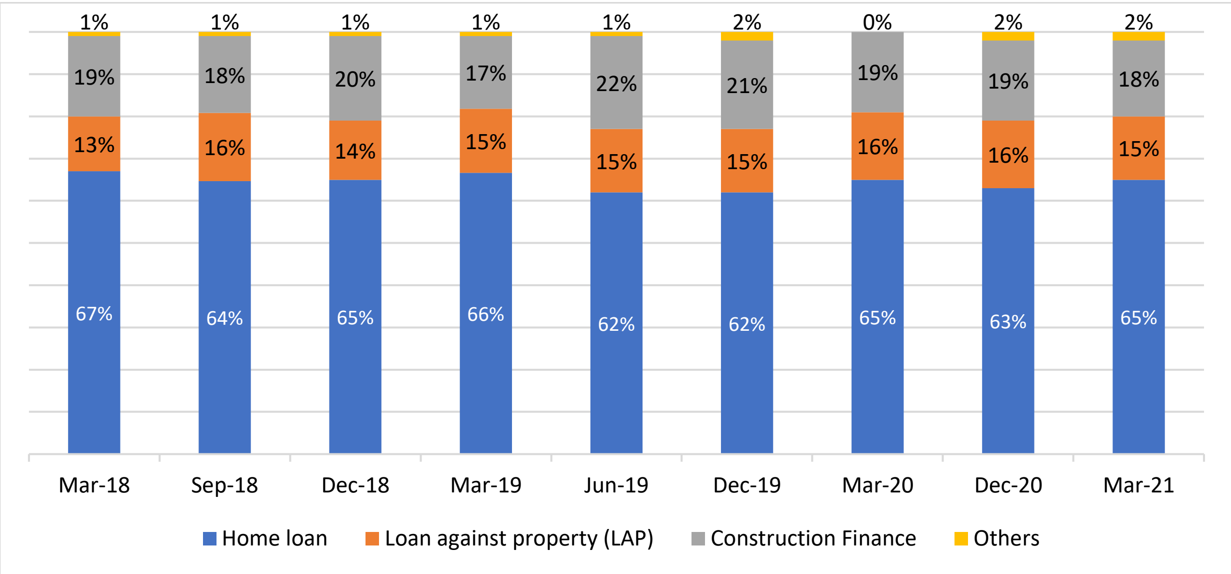
HFC Total Loan Portfolio (INR trillion)



Source: Industry Reports, CareEdge Research

As of March 2021, the HFCs loan portfolio was Rs.11.5 trillion from Rs. 11.3 trillion in FY 2020. The growth of HFCs has moderated in FY2020 and FY2021 impacted by the Covid-19 pandemic, there has been a slight pick-up in the residential housing segment portfolio. HFCs loan portfolio is expected to grow at a moderate rate in FY2022.

Portfolio Composition of all HFCs



Source: Industry Reports, CareEdge Research

Housing loan

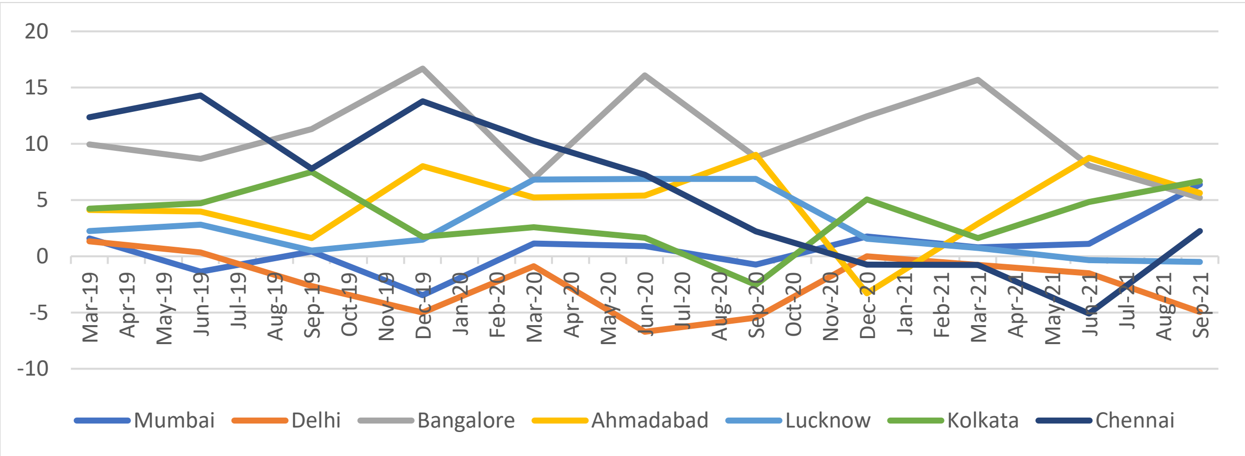
The residential real estate segment was witnessing a slowdown over the last few years due to a pile-up of unsold inventory, stalled projects, and weak demand following rising property rates. The Covid-19 pandemic added to the problems of the industry by completely halting construction activity during the lockdown. With the gradual reopening of the economy, construction activity resumed, but with migrant workers returning to their hometowns, the pace of construction was slow.

While the lockdown and the reverse migration of workers impacted the supply-side, demand from buyers also remained subdued especially during the first half of the 2020-21 financial year. The restrictions on the movement led to buyers deferring purchases of a new property. As the pandemic stretched on, fears surrounding its spread prompted consumers to prefer saving over-investing in new homes.

The RBI's Housing Price Index showed a slowdown in property prices during the first half of 2020-21 before the trend reversed in the second half and the property prices improved. Muted property sales impacted cash flows of developers and lower cash availability ultimately impacted project completions. Together, the drop in demand from buyers and constraints on the supply front resulted in the real estate industry facing one of its worst years.

Property prices in major Indian cities

Housing prices: By cities



Source: RBI

Residential prices in most cities have remained more or less stagnant over the past few years. Although the outbreak of the virus impaired the demand and supply scenario of the industry, the trend in the chart above shows that barring Delhi, no other Indian city witnessed a contraction in property prices during the June quarter. It is important to note that a few developers in the market offered moderate price discounts to boost sales and this may have kept the lid on property prices, especially in a key market like Delhi. The city of Bangalore witnessed a 16 percent rise in property prices during the June 2021 quarter, while property prices in Lucknow and Chennai rose in the range of 6-8 percent.

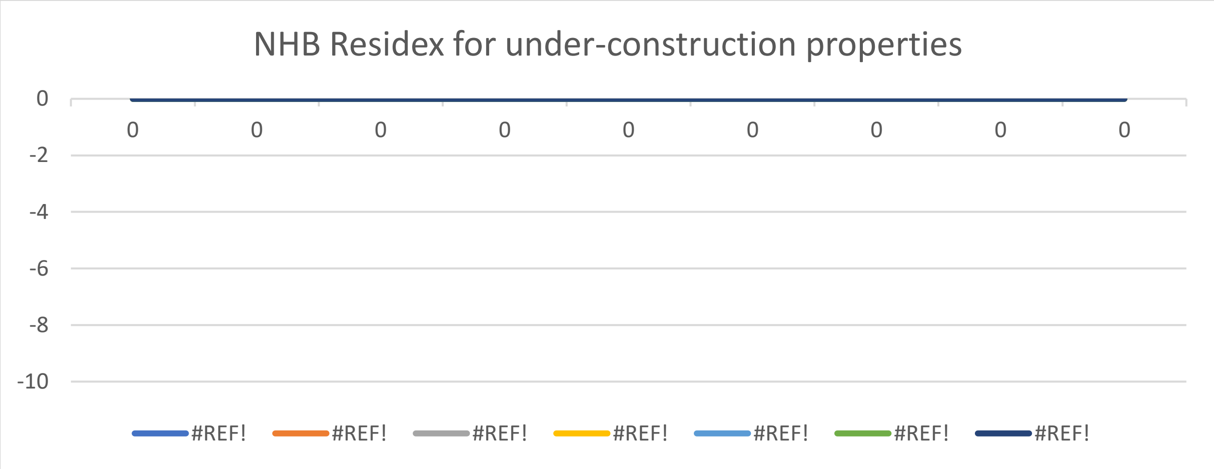
The resumption of economic activity and increased mobility contributed to housing prices inching up once again. A majority of the cities clocked a rise in property prices even during the first half of 2021-22. Delhi and Chennai witnessed a contraction, possibly due to the fast spread of the second wave of Covid-19. The latest data shows that property prices in all major cities except Delhi rose by 2-6 percent during the September 2021 quarter.
It is expected that the rise in prices might in up as the market returns to normalcy due to greater demand amid limited land availability and the recent rise in prices of steel and cement which will culminate into a higher cost of construction.

NHB Residex

NHB RESIDEX, India's first official housing price index, was an initiative of the National Housing Bank (NHB). The NHB RESIDEX is designed to track changes in housing prices at neighbourhood, city, and national levels. Price changes will be measured over time and across cities and various locations within cities. NHB RESIDEX will help recognize current trends in micro as well as macro markets and predict the future behaviour of the housing market.

The HPI represents the price changes in residential housing properties. At present, the geographical coverage consists of 50 cities in India including 18 State/UT capitals and 37 smart cities, which will progressively be expanded to over 100 cities including all State/UT capitals and smart cities. Measuring overall change in housing prices in India is complex and challenging because of various data sources with dissimilar data sets. The information on housing prices varies according to the stage of transaction in which data is collected. As a result, three different prices including registered price, assessment price, and market price may apply.

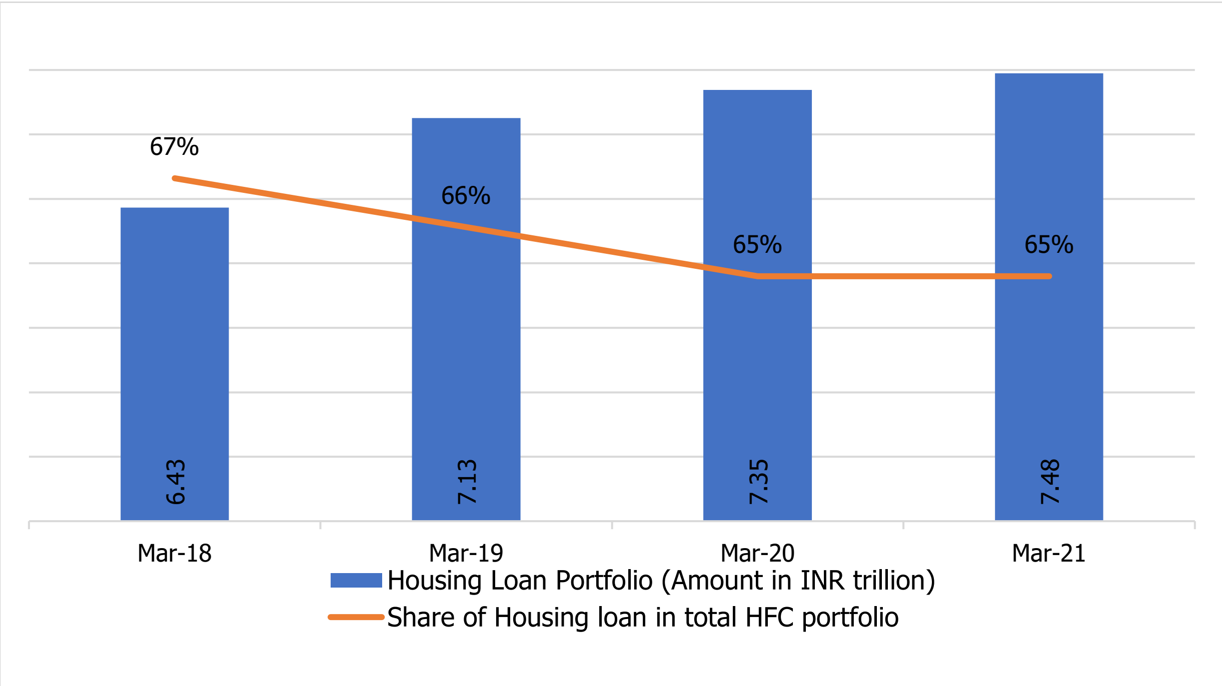
NHB Residex for under-construction properties



Source: National Housing Board (NHB)

Data in the above chart shows that the trend in prices of under-construction properties moved northward from the second half of 2020-21 and the pace of growth has been improving ever since.

Home loan portfolio of HFCs



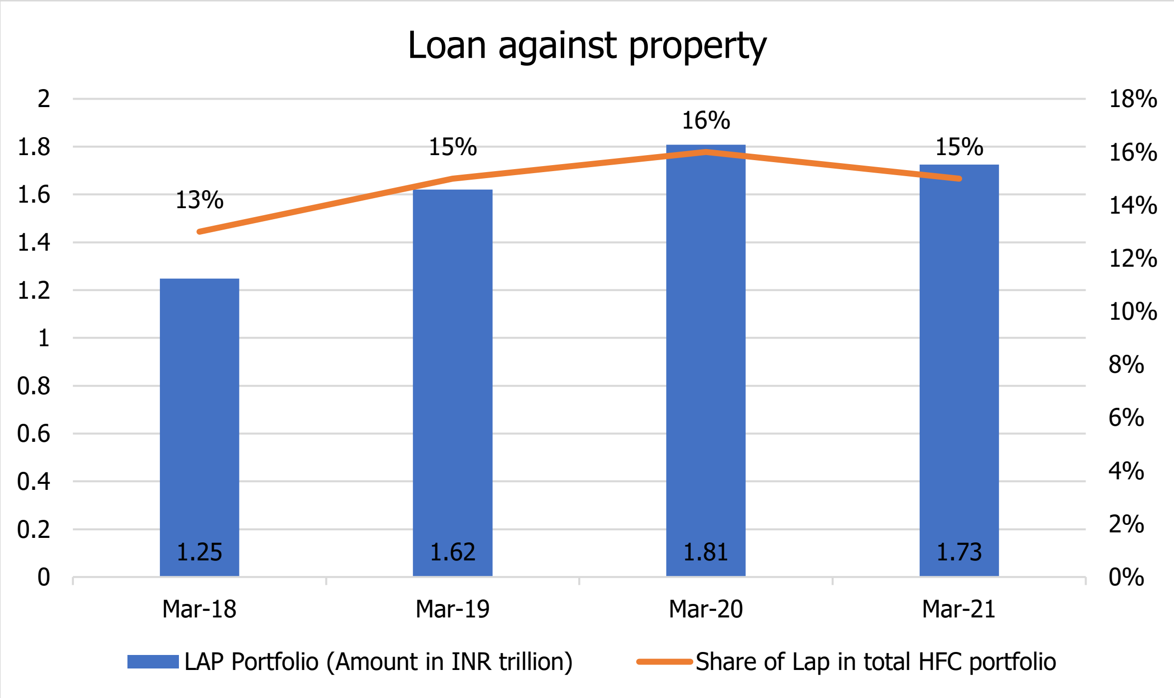
Source: CareEdge Research

Over the period the share of housing loans in HFCs portfolio has decreased but the amount of loan portfolio has improved at a CAGR of 5.14% to Rs.7.48 trillion as of March 21. Housing loans of NBFCs including Housing finance companies stood at around Rs.7.6 trillion as of fiscal 2021.

Loan against Property

Loan against property also known as mortgage loan, A loan against property (LAP) is categorized as a secured loan that banks, housing finance companies, and NBFCs disburse against the security/guarantee of the borrower's legally owned residential or commercial property. Although loans against property are not at par with housing loans as far as competitive interest rates are concerned, they are offered at a lower interest rate as compared to a personal loan or business loan and are disbursed at a reasonable time. It allows the borrower to use the value locked up in a property while continuing to occupy the property during the loan period. Potential borrowers whether they are salaried or self-employed in a business or professional setup, with a pre-owned property can avail of a loan against such property. The quantum of loan sanctioned is also higher than what may be offered in other available options.

LAP portfolio of HFCs



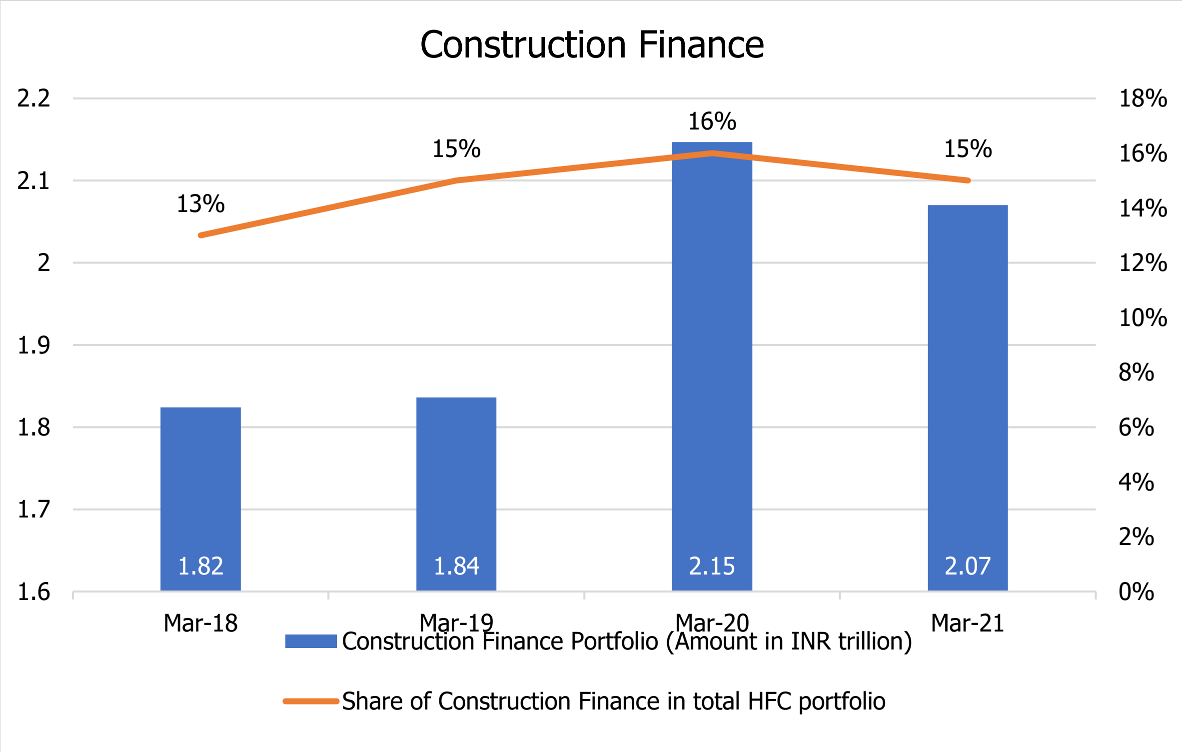
Source: CareEdge Research

Over the past decade, housing finance companies have focused on expanding their LAP loans. The loan against property (LAP) portfolio of HFCs stood at around Rs.1.73 trillion as of March 2021 at a CAGR of 11.39% and constitute 15% of HFCs portfolio.

Construction Financing

A construction loan, sometimes known as a self-build loan, is a short-term loan intended to fund the building of a home or other real estate project. After securing long-term financing, the contractor or home buyer will need to take out a construction loan to cover the costs of construction. Because a construction loan is regarded riskier than a normal mortgage loan, it usually has a higher interest rate.
Contractors or homebuyers who want to build their own homes generally take out construction loans. They are one-year loans with a short repayment period. After the house is built, the borrower can either refinance the construction loan into a permanent mortgage or acquire a new credit to pay off the construction loan, known as an "end loan."

Construction Finance portfolio of HFCs



Source: CareEdge Research

Over the period Construction portfolio of HFCs grew at a CAGR of 4.31%. But the Indian economy was highly impacted due to the COVID-19 impacted lockdown, restriction of movement leads to migration of labourers and construction projects came to halt and construction finance portfolio of HFCs degrew in FY21 and constituted 15% of HFCs portfolio at around Rs.2.07 trillion.

Types of HFC

At the end of March 2020, there were 101 HFCs, of which only 17 were deposit-taking entities out of which, six HFCs have to take prior permission for accepting deposits.

Non-government public limited companies dominate the segment with 94 percent of total assets. These entities experienced a slowdown in balance sheet growth to 4.5 percent in 2019-20, from 14.5 percent in 2018-19.

The sole government HFC, with a share of 5.6 percent in total assets, grew by 9.2 percent in 2019-20, a deceleration from the expansion of 49 percent in 2018-19.

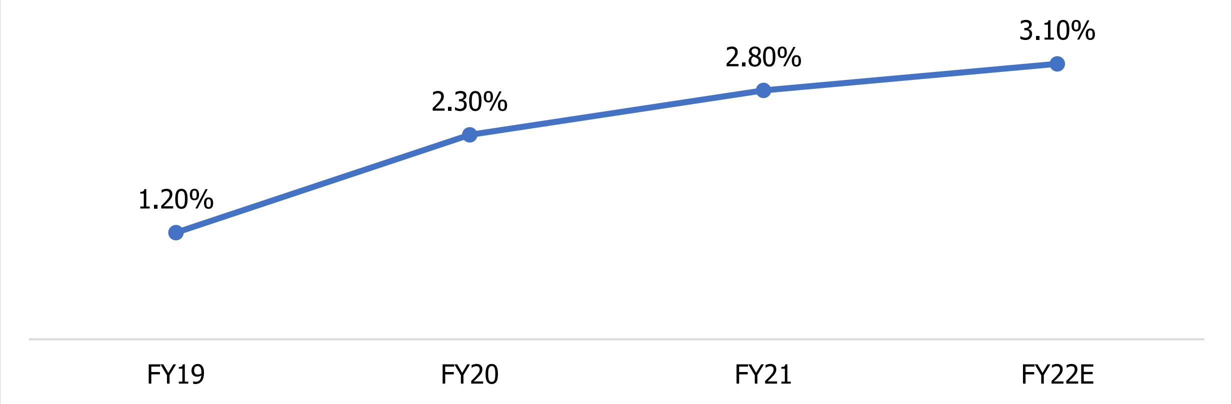
Ownership Pattern of HFCs

(Rs. Crore)

Type	2019		2020	
	Number of HCFs	**Asset Size**	**Number of HCFs**	**Asset Size**
A- Government Companies	1	0.7	1	0.8
B- Non- Government Companies	98	12.7	100	13.3
1-Public Limited Company	78	12.7	76	13.3
2-Private Limited Company	20	0.0	24	0.0
Total (A+B)	**99**	**13.5**	**101**	**14.1**

Source: RBI

Asset quality of HFCs
Gross Stage 3 ratio of HFCs



Source: CareEdge Ratings, Company data, CareEdge Research
Note: We have considered top six large HFCs rated by CARE for our analysis, which would cover around 65-70 percent of HFC sector.

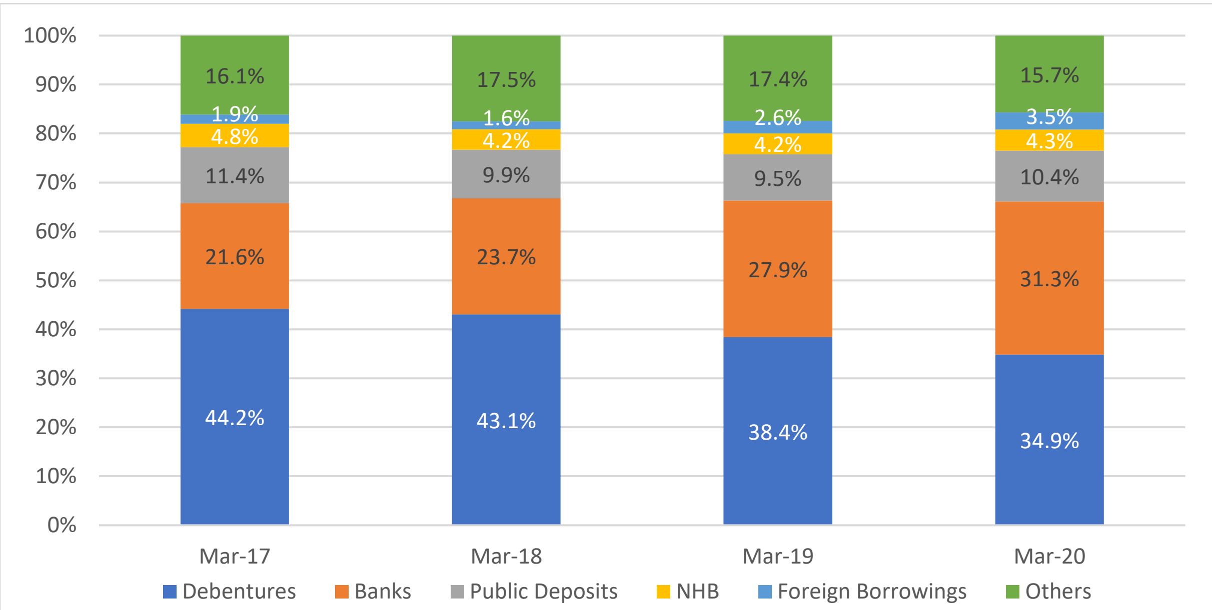
The higher-than 2 percent Gross Stage 3 numbers in FY20 are a result of the higher Gross Stage 3 amounts for Loan Against Property (LAP) and developer finance book for some HFCs. Collections in the housing finance segment, which had slipped to ~70-75 percent in April due to the nationwide lockdown caused by the Covid-19 pandemic, rebounded to 96-98 percent in January 2021 after the gradual lifting of restrictions. HFCs not only witnessed a slowdown in disbursements and hence moderation in portfolio growth but also witnessed increased pressure on asset quality in F.Y.2021.

Retail home loans as an asset class segment have remained very resilient throughout the pandemic. CareEdge Research expects that this asset class will show a minor uptick in GS3 assets by around 15-20 bps on an average by end of FY22. A large portion of these loans are for houses that are used by the borrower for his/her residence, and there is improvement in the Loan to Value (LTV) ratio over a period of time due to the amortization of loans. Hence, this asset class has remained one of the better performing asset classes historically.

Resource Profile of HFCs

The sources of funds for HFCs include public deposits, external commercial borrowings, and commercial papers and refinance support provided by NHB, though they primarily rely on debentures and bank borrowings. The dependence of HFCs on external sources grew as domestic markets remained risk-averse.

Share in Resources Mobilized by HFCs



Source: NHB Report, CareEdge Research

- HFCs predominantly rely on debentures and bank borrowings for funds, constituting around two-thirds of the total resource profile.

However, over the years the mix between debentures and bank debt has significantly altered. 66% of total resources.

- HFCs had a high reliance on Debentures to the extent of 44% in FY 2017. Over the last few years, the proportion of Debentures in HFCs resource profile has significantly declined to just about 1/3rd of the total resources raised by HFCs as of March 31, 2020.
- Debentures – Over the period debentures have remained the preferred source of borrowing for HFCs
- Similarly, in the evolving risk-averse market conditions, the reliance on bank debt for resource raising has gone up from 21% to around 1/3rd of the total requirements
- Public deposits – The share of public deposits has remained around 9% to 11% between FY17- FY21.
- NHB: Housing finance companies have reduced their dependency on NHB for borrowing funds. NBC share has seen a reduction from 4.8% as of March 2017 to 4.3% as of March 2020.
- Foreign borrowing – The dependency of HFCs on Foreign funds has just about doubled to 3.5% in FY20 from 1.9% in FY17.

Affordable Housing

The affordable housing finance segment is the largest – and most challenging - within India's housing finance sector. India's typical affordable HFC customer lives in Tier-2 and Tier-3 cities, is new to the concept of credit, earns a low informal income, does not possess income documents, and is usually self-employed. These realities warrant the use of specialized expertise in addition to what is used in conventional lending.

Over the last decade, several new players have emerged in the housing finance space, focusing primarily on the affordable housing segment. The portfolio growth in the affordable segment slowed as well but remained higher than HFCs although on a lower base, supported by robust demand and liquidity support from NHB, leading to a growth of around 8 percent in 9M FY 2020-21 following the growth of 18 percent in FY 2019-20.

As of 30th September 2020, the size AHFCs accounted for around 5 percent of the overall Indian HFCs market with the total portfolio of the new affordable housing finance companies (AHFC)s in the affordable housing space at Rs.55061 crore showing moderate year-on-year growth of around 9 percent.

Affordable Housing for all

- There is an enormous unmet demand for low-income housing finance. It is believed that the root cause of the shortage is the lack of housing finance options for low-income households**.**

- In a bid to provide a home to every Indian by 2022, the Pradhan Mantri Awas Yojana (PMAY) housing for all scheme was launched by the Government in 2015. This has made affordable housing/ finance the most sought-after business in 2015, with a vision to provide a home to every Indian, the Government launched the "Housing for All by 2022" scheme.

- This Centre's initiative brought the focus of government authorities, builders, regulators, and bank/Housing Finance Companies (HFCs) to affordable housing. About 95 percent of the housing shortage in India is in the low-income segment which comprises the EWS (Economically Weaker Section) having annual income up to Rs.0.3 million and LIG (Low Income Group) having an annual income of Rs.0.3-0.6 million.

- The housing for all primarily focuses on the EWS and LIG segments. This scheme also covers people having an annual income between Rs.0.6 - Rs.1.8 million which falls under the Middle Income Group -1 (MIG) and MIG-2 scheme. Affordable housing is defined differently by different people. Some define it on the basis of the size of the loan or carpet area of the house or affordability.
- The government has the vision to provide housing to every Indian by 2022. Under the Pradhan Mantri Awas Yojana (PMAY), the Centre plans to provide 20 million houses in urban areas and 30 million houses in rural areas. In order to boost the demand and supply for affordable housing, the Government has implemented various initiatives like providing infra status to affordable housing, reduction of the Goods and Services Tax (GST) from 12 percent to 8 percent for under-construction properties under affordable housing, tax holiday to affordable housing developers for five years, allowing external commercial borrowing for affordable housing, Credit Linked Subsidy Scheme (CLSS) subsidy in urban areas and subsidy support for beneficiary lead construction.

- The credit-linked subsidy is provided to economically weaker section (EWS), low in the group (LIG), and Middle Income Group (MIG-1 and MIG2) beneficiaries. Under this scheme, eligible urban households get a subsidy up to a maximum of Rs 0.267 million on home loans availed from Banks/ HFCs (Housing Finance Companies), etc. National Housing Bank (NHB) and the Housing and Urban Development Cooperation (HUDCO) are the central nodal agencies to implement the scheme.

- National Housing Bank has issued around 35 new licenses in the last three years to start Housing Finance companies (HFCs). Most of these new HFCs are focusing on funding affordable housing customers in the informal sector. This has led to the easy availability of housing finance to the EWS/LIG segment of customers. All these above factors have led to a spurt in the demand and supply of affordable housing.

Affordable Rental Housing Complexes (ARHCs)

- COVID-19 pandemic has resulted in a reverse migration of urban migrants/ poor in the country. Urban migrants stay in slums/ informal settlements/unauthorized colonies/ peri-urban areas to save costs on housing. They need decent rental housing at an affordable rate at their work sites.

- In order to address this need, the Ministry of Housing & Urban Affairs has initiated Affordable Rental Housing Complexes (ARHCs), a sub-scheme under Pradhan Mantri AWAS Yojana- Urban (PMAY-U). This will provide ease of living to urban migrants/ poor in the Industrial Sector as well as in non-formal urban economy to get access to dignified affordable rental housing close to their workplace.

- These complexes will ensure a dignified living environment for urban migrants/poor close to their workplaces at affordable rates.

- This will unlock existing vacant housing stock and make them available in urban space. It will propel new investment opportunities and promote entrepreneurship in the rental housing sector by encouraging Private/Public Entities to efficiently utilize their vacant land available for developing ARHCs.

Regulatory framework for HFCs

RBI's Master Directions for HFCs

The National Housing Bank (NHB) was set up as a principal agency for the promotion of housing finance institutions both at local and regional levels and to provide financial and other support to such institutions. To ensure a consistent regulatory regime, the Finance (No.2) Act, 2019 amended the National Housing Bank Act, 1987, conferring powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). Earlier RBI had issued draft and then final regulatory framework for HFCs which treated HFCs as a specialised type of NBFC.

The RBI announced Master Directions for HFCs on 17 February 2021 in order to protect public interest, ensure better functioning of the financial system and HFCs, and prevent affairs of companies being conducted in a manner that is deemed detrimental to investors' and depositors' interest. The current Master Directions also consolidate and repeal the directions issued by NHB and the List of NBFC regulations applicable to HFCs.

Following are the various parameters wherein the RBI prescribed or maintained directives for Housing Finance Companies:

Minimum Net Owned Funds requirement

- The RBI maintained the minimum net owned fund (HFCs) requirement for HFCs at Rs.20 crore. The timeline for existing HFCs was Rs.15 crore by 31 March 2022 and Rs.20 crore by 31 March 2023. Existing HFCs having NOF less than Rs.20 crore were required to provide a statutory auditor's certificate to the central bank by the end of April 2021. These HFCs were required to submit evidence of compliance with prescribed limits.

- The RBI stated that HFCs that did not meet these limits would either have to surrender their certificate of registration of approach the RBI for conversion to NBFC – Investment and Credit Companies.

Liquidity Risk Framework and Minimum LCR timelines

- Non-deposit taking HFCs having an asset size of Rs.100 crore and above and all deposit taking HFCs were required to pursue liquidity risk management whose scope would include adherence to gap limits, adopt stock approach to liquidity risk and use liquidity risk monitoring tools.

- The RBI mandated that HFCs were required to maintain a liquidity buffer in terms of LCR by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario which could last for 30 days.

The timelines to achieve minimum LCR for all non-deposit taking HFCs with asset size of ₹10,000 crore & above, and all deposit taking HFCs irrespective of their asset size is detailed in the table below:

Deadline	Minimum LCR
01 December 2021	50%
01 December 2022	60%
01 December 2023	70%
01 December 2024	85%
01 December 2025	100%

Source: RBI

In case of non-deposit taking HFCs with asset size of Rs.5,000-10,000 crores, the timelines are as follows:

Deadline	Minimum LCR
01 December 2021	30%
01 December 2022	50%
01 December 2023	60%
01 December 2024	85%
01 December 2025	100%

Source: RBI

Guidelines on Securitization Transactions and reset of Credit Enhancement

The RBI asked HFCs to carry out securitization of standard assets and transfer of assets through direct assignment of cash flows and the underlying securities. In doing so, HFCs, among other things, were required to conform to the minimum holding period (MHP) and minimum retention requirement (MRR) standards.

Loans against security of shares

HFCs lending against the collateral of listed shares were directed to maintain a Loan to Value (LTV) ratio of 50% for loans granted against the collateral of shares. Any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share price was to be made good within seven working days.

Loans against security of single product - gold jewellery

HFCs were directed to maintain a Loan-to-Value (LTV) Ratio not exceeding 75 per cent for loans granted against the collateral of gold jewellery, and put in place a Board approved policy for lending against gold.

Implementation of Indian Accounting Standards

The RBI said that HFCs shall maintain a prudential floor in respect of impairment allowances and follow instructions on regulatory capital

Managing Risks and Code of Conduct in Outsourcing of Financial Services

The RBI made it imperative for HFCs outsourcing their activities that they ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities

Implementation of Indian Accounting Standards

HFCs shall maintain a prudential floor in respect of impairment allowances and follow instructions on regulatory capital.

Capital Requirement

- The HFC were directed to maintain a minimum capital ratio of 14% by 31 March 2021 and 15% post 31 March 2022. Of these numbers, Tier I capital would not be less than 10%, while Tier II capital would not exceed the Tier I capital levels.

- According to the RBI, the Tier-I capital, at any point of time, shall not be less than 10 per cent. The total of Tier-II capital, at any point of time, shall not exceed 100 per cent of Tier-I capital.

Balance Sheet Assets

The degree of credit risk expressed as percentage weightages were assigned to balance sheet assets. Hence, the value of each asset/ item was to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate was to be taken into account for reckoning the minimum capital ratio.

The risk weighted assets shall be calculated as the weighted aggregate of funded items as detailed below:

Weighted risk assets with weights assigned for HFCs

Weighted risk assets - On balance sheet items	Percentage weight
Investments in bonds of public sector banks	20%
Fixed deposits/ certificate of deposits/ bonds of public financial institutions	100%
Mortgage-backed security, receipt or other security evidencing the purchase or acquisition by a housing finance company of an undivided right, title or interest in any debt or receivable originated by a housing finance company recognised by the Bank or NHB and supervised by NHB or a scheduled commercial bank and secured by mortgage of residential immovable property, provided the conditions specified below in Paragraph 6.2.4 are fulfilled.	50%
Shares of all companies and debentures/ bonds/ commercial papers of all companies/ units of all mutual funds.	100%
HFCs' investments in innovative perpetual debt of other HFCs/ banks/ financial institutions	100%
Outstanding Housing loans to individuals up to Rs.30 lakh secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio ≤ 80%	35%
Outstanding Housing loans to individuals up to Rs.30 lakh secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio > 80% and ≤ 90%	50%
Outstanding Housing loans to individuals above Rs.30 lakh and up to Rs.75 lakh secured by mortgage of immoveable property which are classified as standard assets with LTV ratio ≤ 75% (loan sanctioned before 01-08-2017)	35%
Outstanding Housing loans to individuals above Rs.30 lakh and up to Rs.75 lakh secured by mortgage of immoveable property which are classified as standard assets with LTV ratio > 75% and ≤ 80% (loan sanctioned before 01-08-2017)	50%
Outstanding Housing loans to individuals above Rs.30 lakh and up to Rs.75 lakh secured by mortgage of immoveable property which are classified as standard assets with LTV ratio ≤ 80% (loan sanctioned on or after 01-08-2017)	35%
Outstanding Housing loans to individuals above Rs.75 lakh secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio ≤ 75% (loan sanctioned before 01-08-2017)	75%
Outstanding Housing loans to individuals above Rs.75 lakh secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio ≤ 75% (loan sanctioned on or after 01-08-2017)	50%
Other housing loans	100%
Restructured housing loans	Additional risk weight of 25%

Source: RBI, CareEdge Research

Conclusion and impact analysis

The master directions issued by the RBI on 17 February 2021 are expected to bring in greater discipline by way of detailed regulatory requirements which will bring about more transparency and compliance in the housing finance sector.

The central bank's mandate regarding a liquidity buffer with respect to liquidity coverage ratio (LCR) is expected to enhance HFCs' resilience to potential disruptions to liquidity. This will be on account of HFCs maintaining sufficient high-quality liquid assets to mitigate any acute liquidity stress scenarios lasting 30 days.

The RBI also directed HFCs to maintain full cover available for public deposits at all times. If an HFC fails to repay public deposit, it shall not grant any loan or another credit facility or make any investment or create any other asset as long as the default exists. CareEdge Research expects this direction to ensure greater compliance on part of HFCs and higher confidence on part of the general public in housing finance companies.

The RBI's master directions on HFCs detailed the purview of housing finance to include financing for purchase/construction/reconstruction/repairs and renovation of housing dwelling units. With this, the RBI brought companies engaged in construction finance also under the ambit of these directions thereby increasing the scope of its supervision and enhancing the transparency across the construction value chain.

The regulations pertaining to HFCs were with the extant NBFC regulations. The RBI maintained the flexibility of the HFCs with respect to risk weights, as NBFCs generally have lesser flexibility for risk weights, which are broadly classified into 0%, 20% and 100%. As the flexibility has been continued, the HFCs would not require additional capital to service the same Loan Book and can maintain the current levels, subject of course to minimum capital requirements.

As the larger HFCs already meet the above guidelines, they are unlikely to face significant challenges when HFC regulations are further harmonised with NBFCs going forward.

Key Growth Drivers

The non-banking housing finance market in India is fragmented with over 80 HFCs. However, the top four players command over 70 percent of the market share. The top two players HDFC and LIC each have assets over Rs.1 trillion and command over 60 percent of the overall market as of March 21. In addition, unlike banks, the HFCs are governed by the National Housing Bank (NHB), a subsidiary of the RBI (Reserve Bank of India). As HFCs were not able to accept deposits from consumers in normal circumstances earlier, they have less stringent regulations vis-à-vis banks.

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

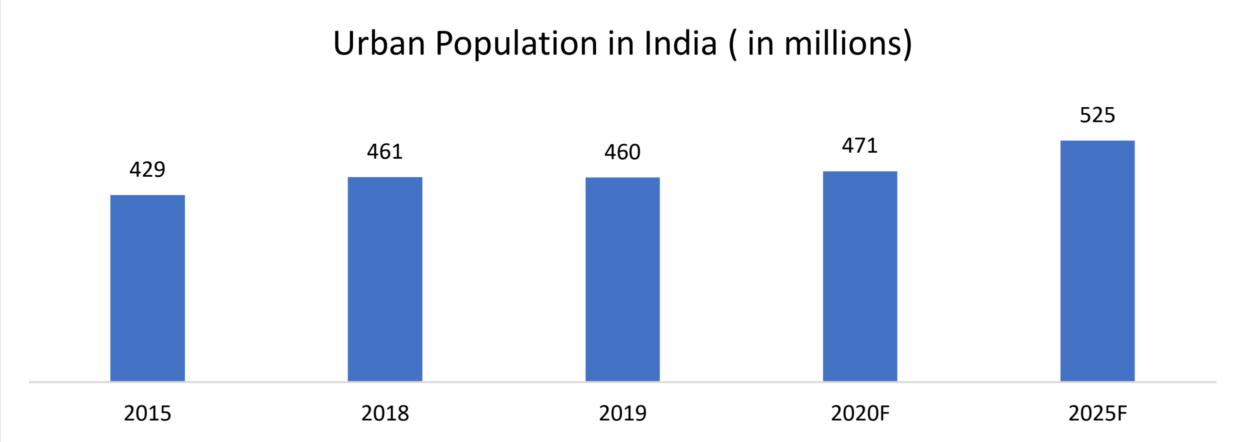
HFCs can incorporate stamp duties and registration costs into the home values to fix the maximum allowable loan on a property and in turn, allow these to lend more to home buyers as compared to banks. Further, with banks having switched to marginal-cost-based lending rates (changing from base rate regime) in 2016, the interest rates may creep higher with funding costs, thereby, reducing the gap in rates offered by banks and HFCs. Despite banks' larger scale and funding advantages, they have been losing out to the HFCs.

Population Demography & Upward trend in Urbanization

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

The demand for new houses is steady as the pace of urbanization is expected to accelerate with the government's focus on building new smart cities as well as a focus on Tier 2 and Tier 3 cities. Thus, surging growth and employment in these cities will prove a significant driver for people in the rural and semi-urban areas to shift to Tier 2 and Tier 3 cities.

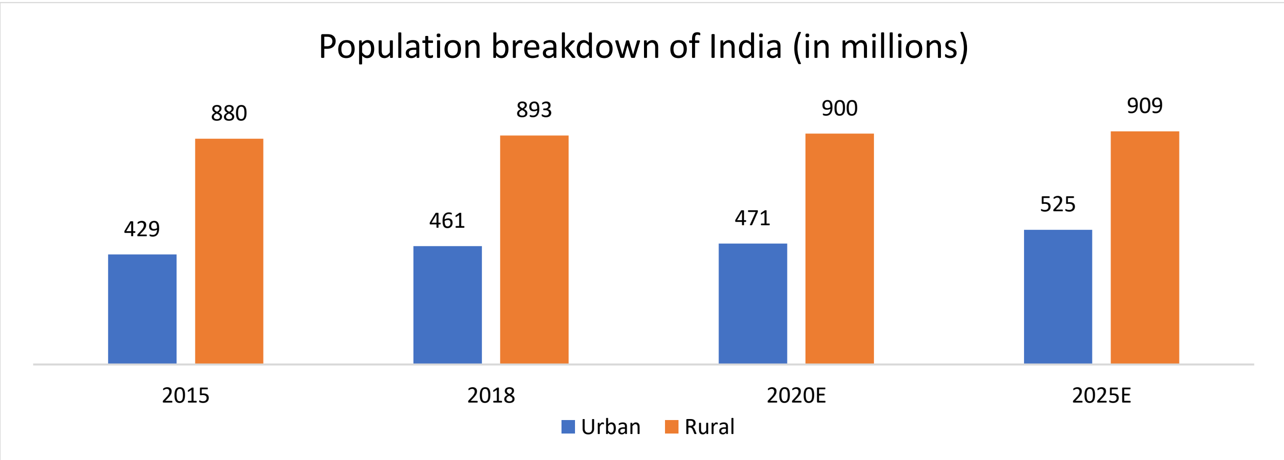
- ✓ Demand for residential properties has surged due to increased urbanization and rising household income. India is among the top 10 price appreciating housing markets internationally
- ✓ About 10 million people migrate to cities every year.
- ✓ Growing economy driving demand for commercial and retail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



Source: Ministry of Home Affairs, World Bank

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

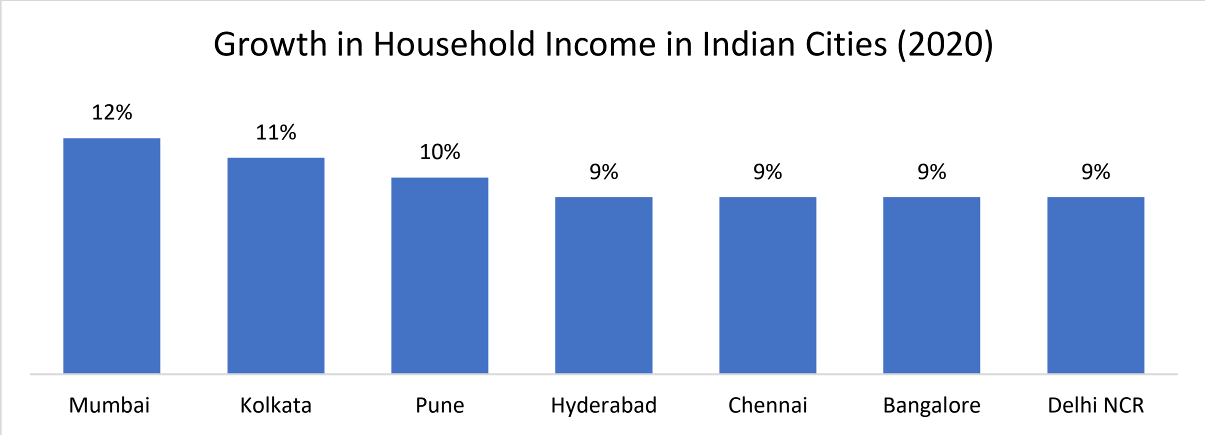
- India's urban population is expected to reach 525 million by 2025, up from an estimated 461 million in 2018.
- Rising income and employment opportunities have led to more urbanization and more affordability for real estate in cities.
- Covid-19 has already impacted the Indian housing sector, the sector has started recovering and is expected to reach pre-pandemic level growth in FY22 as the government has been quite supportive towards their policy related to the housing industry as this industry has majorly contributed towards India's economic growth over the last few years and would further add more to the growth if it's supported efficiently. The income in the hands of the urban population in tier 1 and tier 2 cities will be an important aspect of the growth of the housing finance industry in the next few years.



Source: Ministry of Home Affairs

➢ **Nuclear Family Trend**

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



Source: IMF World Economic Outlook Database, JLL, *United Nations World Urbanization Prospects

➢ **Technological development (Fintech)**

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

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

The collection and recovery process has become far more effective and efficient and significant scale-up of business across geographies at a cost-effective manner is possible with the help of technology. Technological advancement will help housing finance companies big time, it will help have a closer eye on NPA as it will be customer-centric and companies will understand their consumers more effectively.

Major Challenges

Despite growth in disbursement, there are huge challenges ahead of the Indian housing finance industry. The HFCs are working hard to minimize the housing problems by reducing the lending rate and encouraging people to have their own houses. However, they have so far only approached the periphery of the problem. The problem of housing is still existed due to the multi-dimensional problems encountered by HFCs themselves. The selected few important challenges have been discussed below

Increasing Burden of Non-performing Assets

Recovery is a key challenge in home loans. After liberalization in banking reforms, the availability and accessibility of loans become easy for the seekers. But the repayment of loans and recovery becomes a difficult task for agencies. Recovery becomes a new burden for the agencies. Recovery is a costly and time-consuming activity. HFCs need sufficient funds to spend on recovery costs and absorb shocks caused by borrowers' defaults. However, HFCs have historically had much lower default rates when compared to banks and other financial institutions, which leaves HFCs with sufficient funds.

Intense competition

Home loan is considered, a safe investment by Financial Institutions, and every finance company wants to confine more and more share of this segment. Therefore, severe competition is found in the housing finance market. The competition affects optimistically the housing finance sector up to a reasonable level, but after that, when lenders have to provide loans below their cost of funds, it converts into a threat for the entire housing finance industry. As far as the Indian housing financing industry is concerned, there is fierce competition at present. All housing finance companies are using all possible means to attract home buyers. Alternative choices between floating and fixed rates are being offered. The housing loan amount has gone up to 110 percent of property value to meet out the cost of legal expenses. Most of the Housing Finance Agencies are exempting processing charges to survive in the market. This scenario of the housing finance market is not good for the housing finance industry. Even RBI has recently expressed concern over the competition in home loan financing and is thinking of making it mandatory for all Housing Finance Agencies to insist on a security margin.

Drastic reduction in per capita income & unequal distribution of national capital

Sudden Reduction in per capita income due to the economic downturn has led to delay in home purchase among Indians it will take a while to make that decision to buy their homes and even for people who were in the midst of making that decision of buying their homes or had booked their homes.

Challenges in Capital availability

Financing in any area depends on the availability of funds for the purpose. Housing finance is a long-term investment, which requires plenty of funds. One of the main problems of the housing finance sector of India is the non-availability of long-term capital for investment. Conventionally, the funds for the housing sector have originated from the individuals themselves by way of their savings or from the financial institutions that are primarily engaged in the intermediation process of channelizing funds from the savers to the borrowers. But the funds so organized through the formal sector financial institutions remain much lower than what is required to tackle the problems of housing finance in India. Lately, due to the increase in NPA, it has further become difficult for housing finance companies to raise funds and finance housing.

Asset-liability Mismanagement Challenge

In the normal course, Housing Finance Companies (HFCs) are exposed to credit and market risks in view of the asset-liability transformation. Home loans have a unique characteristic that creates challenges for lenders. They have long maturity that can go up to 30 years. For the lender, such long-maturity assets need matching maturity liabilities to avoid the asset-liability mismatch problem.

Most of the funding sources of banks and HFCs have maturity of up to five years. The growth of home loans, thus, presents a growing, structural asset-liability management (ALM) challenge for the lenders. HFCs are operating in a fairly deregulated environment and are required to determine their own, interest rates on advances and deposits, subject to the ceiling on the maximum rate of interest they can offer on deposits, on a dynamic basis. The interest rates on investments of HFCs in government and other securities are also now market-related. Intense competition for business involving both the assets and liabilities has brought pressure on the management of HFCs to maintain a good balance amongst spreads, profitability, and long-term viability. These pressures call for structured and comprehensive measures and not just ad hoc action. The management of HFCs have to base their business decisions on a dynamic and integrated risk management system and process driven by corporate strategy

HFCs need to address these risks in a structured manner by upgrading their risk management and adopting more comprehensive Asset-Liability Management (ALM) practices than has been done hitherto. ALM, among other functions, is also concerned with the management of risks and provides a comprehensive and dynamic framework for measuring, monitoring, and managing liquidity and interest rate risks of an HFC that need to be closely integrated with the HFC's business strategy. It involves assessment of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks

In addition to being a source of funding, securitization could be an instrument that allows lenders to address, at least partially, the ALM challenge.

Outlook

CareEdge expects housing credit growth in the range of 6%-11% in FY2022 lower than the previous years. The growth is expected to be slower in H1 FY2022 while recovery in H2 FY2022 would depend on the overall economic turnaround. The growth is susceptible to risks of deferment in their home purchases and home improvement/extension decisions till there is a full-fledged resumption in business activities.

However, demand for housing loans has already picked up during the last two-quarters of F.Y.2021, most of the HFCs have already reached near pre-Covid level disbursements to achieve further higher disbursements. Consequently, HFCs are likely to witness upward growth in F.Y.2022.

As for the AHFCs, which largely caters to self-employed and middle-to-low income borrowers, the impact of the Covid-19 pandemic on earnings and savings could lead to the delay of home purchases for some time by such borrowers. Thus, the AHFCs portfolio growth is expected to be moderate in F.Y.2022, but it is expected to continue growing at a faster pace than the overall industry.

Overall, there could be an impact on the asset quality. Within the housing, the asset quality in the affordable and self-employed segment could worsen more vis-à-vis the salaried segment, which is expected to exhibit more resilience except for sectors that could face salary cuts/ job losses impacting their debt-servicing capacity. Further, the liquidity of repossessed properties could get impacted which could also impact the losses on the sale of properties especially those that were financed at higher loan-to-value (LTV) ratios. CareEdge expects the gross non-performing assets (GNPAs) in the housing segment to increase.

CareEdge expects that HFCs' overdue and credit losses could go up over the next few quarters and could increase further if the impact of Covid-19 on business activities persists for a longer-than-expected period.

HFCs are expected to maintain healthy liquidity in the short term as most of them are gradually reducing their reliance on short-term funding sources like commercial papers, which has helped improve asset-liability mismatches. Moreover, healthy provision cover maintained by most of the entities is expected to provide cushion and protect the profitability from COVID-related asset quality stress in F.Y.2022.

The business growth and all key performance parameters (asset quality, solvency, liquidity, earnings) are expected to witness recovery in the latter part of the next fiscal would depend on the overall economic turnaround. HFCs' ability to maintain the growth momentum and keep slippages under control would be critically monitorable.

Over a long-term period of greater than 5 years, there are positive signs which will help to grow the sector as the Indian GDP increases and achieves the target set by Prime Minister Narendra Modi of US$ 5 trillion and as household incomes increase with the increase in GDP.

The housing finance sector is expected to grow sustainably on account of sustained population growth, rapid growth coming out of non-metro India, increased per capita incomes, homeownership preference, affordable home prices along with a need for external financing, consistent government support, and extensive under-penetration.

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections "Industry", "Forward Looking Statements", "Risk Factors", and "Financial Information" on pages 137, 13, 14 and 137 respectively. Unless otherwise indicated or unless the context otherwise requires, the financial information included herein is derived from our Reformatted Ind AS Financial Information and Unaudited Interim Financial Results, as included in this Draft Prospectus. Our fiscal year ends on March 31 of each year and references to a particular fiscal year are to the twelve months ended March 31 of that year. In this section, any reference to "we", "us" "our" or "our company" refers to Edelweiss Housing Finance Limited.

Overview

Our Company is a non-deposit taking Housing Finance Company focused on offering secured loan products to suit the needs of the individuals, including small ticket unsecured loans to our customers mainly in rural areas, and corporates. We are a part of Edelweiss group which is one leading diversified financial services groups in India. Our Company has obtained a Certificate of Registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank, to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration.

We offer customers a range of mortgage-related loan products, including:

- **Home Loans,** which includes offering secured loans to salaried individuals, self-employed individuals, and others for purchase/ construction/ renovation of residential properties, against mortgage of the same property, comprises 57.02% and 59.36% of our Loan Book as at March 31, 2021 and September 30, 2021, respectively.

- **Non-Housing Loans including loan against property (LAP)**, which includes offering loans for business purposes or for the purchase of commercial property or for investment in asset, against mortgage of the same property, comprises 39.64% and 37.74% of our Loan Book as at March 31, 2021 and September 30, 2021, respectively.

- **Construction Finance**, which includes offering loans to reputed developers for construction of residential projects, against mortgage of the same property and/or other collateral, comprises 3.34% and 2.89% of our Loan Book as at March 31, 2021 and September 30, 2021, respectively.

As on September 30, 2021 we have approximately 67 offices in approximately 66 cities in India. Over the past several years, we have diversified and expanded our presence into markets that are of greater relevance to the products we offer. Our offices aim at providing quick and seamless customer experience with emphasis on a single window interface for the customer. Our Branch Operations have significant technology architecture to ensure industry leading customer experience. Our operations are supported by approximately 542 employees as on September 30, 2021.

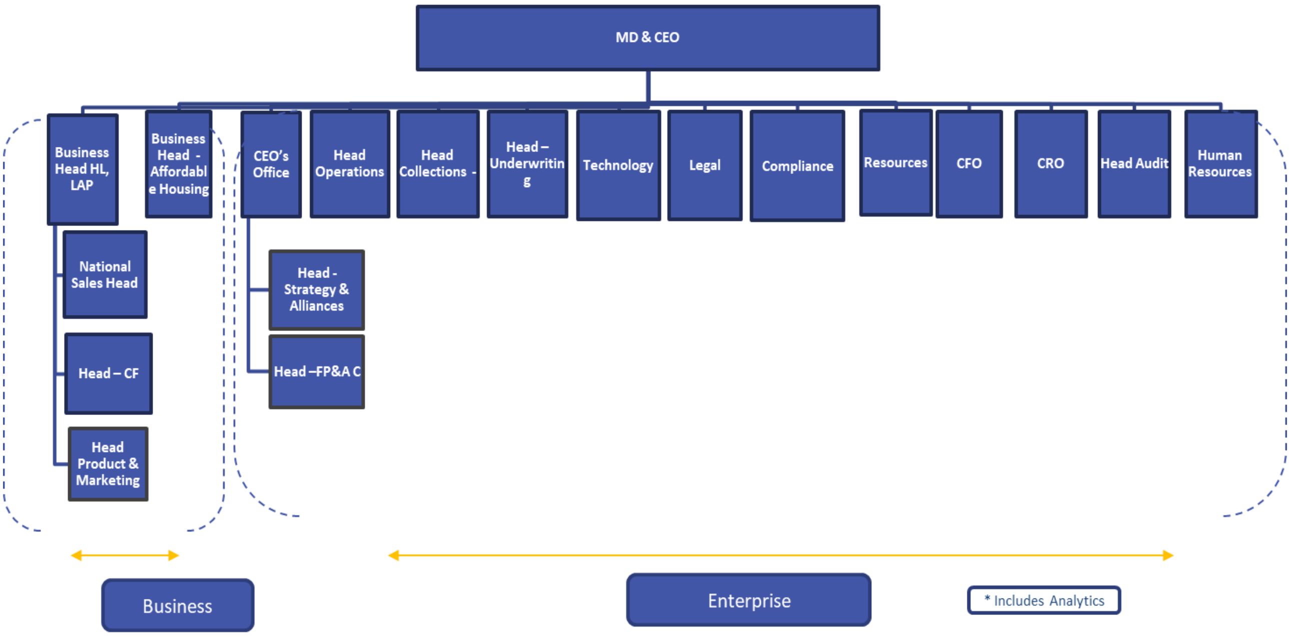
Our Loan Book was ₹ 36,453.58 million and ₹ 35,444.14 million as at March 31, 2021 and September 30, 2021, respectively. Our total capital adequacy ratio as at March 31, 2021 and September 30, 2021computed on the basis of applicable NHB requirements was 26.49% and 22.00% respectively. Our gross NPAs as a percentage of Loan Book were 3.50% and 3.41% as at March 31, 2021 and September 30, 2021 respectively. Our net NPAs as a percentage of l=Loan Book were 3.14% and 2.95% as at March 31, 2021 and September 30, 2021 respectively.

Total income and profit after tax of the Company for the year ending March 31, 2021 stood at ₹ 5,510.54 million and ₹ 37.29 million respectively. Total income and profit after tax of the Company for the half year ending September 30, 2021 stood at ₹ 2,547.94 million and ₹ 20.51 million respectively.

As at September 30, 2021, our Promoters Edelweiss Financial Services Limited, Edelweiss Rural and Corporate Services Limited and Edel Finance Company Limited hold 5.00%, 55.23% and 39.77% of our paid up share capital, respectively. Our Company does not have any subsidiary.

Our Organisation Structure

The following chart outlines our organisation structure:



Key Operational Parameters

The following table sets forth the Key Operational and Financial Parameters of our company:

(₹ in million)

Parameters	As on September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Balance Sheet				
Assets				
Financial assets	**43,693.74**	**49,027.16**	**50,217.21**	**54,344.18**
Cash and cash equivalents	3,353.79	9,455.81	4,929.16	593.60
Bank balances other than cash and cash equivalents	2,558.68	835.30	739.32	80.22
Securities held for trading	-	155.83	-	-
Trade receivables	131.21	104.02	58.46	8.49
Loan Book (net)	34,825.73	35,958.59	43,200.62	53,599.01
Investments	2,139.69	1,600.86	1,044.73	62.86
Other financial assets	684.63	916.75	244.92	-
Non-financial assets	**379.70**	**283.84**	**291.05**	**172.97**
Current tax assets (net)	55.30	21.86	7.38	46.66
Deferred tax assets (net)	-	-	21.25	-
Property, plant and equipment	116.65	118.28	203.83	60.99
Intangible assets under development	13.04	7.10	1.45	11.58
Other intangible assets	2.81	2.27	3.46	5.33
Other non- financial assets	191.91	134.33	53.68	48.41
TOTAL ASSETS	**44,073.45**	**49,311.00**	**50,508.26**	**54,517.15**
Liabilities				
Financial liabilities	**36,101.11**	**41,259.16**	**42,626.37**	**46,195.04**
Trade payables	64.07	72.28	85.37	224.26
Debt securities	10,480.34	11,676.75	10,091.57	12,582.50
Borrowings (other than debt securities)	18,492.92	22,628.38	27,992.02	31,634.95
Subordinated liabilities	536.73	508.61	508.61	508.48
Other financial liabilities	6,527.05	6,373.14	3,948.80	1,244.85
Non-financial liabilities	**317.24**	**423.96**	**191.15**	**633.16**
Current tax liabilities (net)	17.20	16.90	106.03	188.12
Provisions	45.90	37.62	25.34	21.95

(₹ in million)

Parameters	As on September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Deferred tax liabilities (net)	0.94	9.18	-	106.51
Other non-financial liabilities	253.20	360.26	59.78	316.58
Equity (equity and other equity)	**7,655.10**	**7,627.88**	**7,690.74**	**7,688.95**
Total Equity & Liabilities	**44,073.45**	**49,311.00**	**50,508.26**	**54,517.15**

(₹ in million)

Parameters	As on September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Profit and Loss				
Total revenue	**2,547.94**	**5,510.54**	**6,073.90**	**6,658.95**
From operations	2,538.24	5,487.17	6,051.22	6,652.59
Other income	9.70	23.37	22.68	6.36
Total expenses	**2,527.33**	**5,591.26**	**6,090.27**	**5,682.31**
Exceptional Item	-	-	-	-
Profit / (Loss) before tax	20.62	(80.72)	(16.37)	976.64
Profit / (Loss) after tax	20.51	37.29	15.55	624.59
Other comprehensive income	-	(2.21)	(1.08)	(1.38)
Total comprehensive income	20.51	35.08	14.47	623.21
Earnings per equity Share				
(a) Basic	0.30	0.54	0.22	10.28
(b) Diluted	0.30	0.54	0.22	10.28
Continuing operations (PAT)	20.51	37.29	15.55	624.59
Discontinued operations (PAT)	-	-	-	-
Total Continuing and discontinued operations (PAT)	20.51	37.29	15.55	624.59
Cash Flow				
Net cash (used in)/generated from operating activities	(821.19)	8,115.09	10,561.48	(9151.25)
Net cash (used in) / generated from investing activities	(24.46)	16.93	(31.27)	(60.58)
Net cash (used in)/generated from financing activities	(5,256.37)	(3,605.37)	(6,194.65)	5657.31
Add: Opening cash and cash equivalents as at the beginning of the year	9,455.81	4,929.16	593.60	4148.12
Cash and cash equivalents	3,353.79	9,455.81	4,929.16	593.6
Balance as per statement of cash flow	3,353.79	9,455.81	4,929.16	593.60
Additional information				
Net worth	7,655.10	7,627.88	7,669.49	7,688.95
Current Investments (Securities held for trading)	-	155.83	-	-
Total Debts to Total assets	0.67	0.71	0.76	0.82
Interest Income	2,194.68	5,026.66	5,654.40	6157.8
Interest Expense	1,740.73	3,892.83	4,193.35	3921.57
Provisioning & Write-Offs	245.24	511.40	407.06	121.33
Gross NPA (%)	3.41%	3.50%	1.74%	1.82%
Net NPA (%)	2.95%	3.14%	1.49%	1.56%
Tier I Capital Adequacy Ratio (%)	22.00%	26.49%	28.03%	20.80%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.54%	0.60%

Notes:

1. *Networth means share capital plus reserves less deferred tax assets .*

COVID-19

While the economic slowdown and liquidity crunch affected the performance of NBFCs/HFCs during Fiscal 2020, COVID-19 pandemic coming in towards the end of Fiscal 2020 continued to cast shadows on their performance during most part of Fiscal 2021. Just when the Q4Fiscal 2021 was beginning to look brighter, we found ourselves in the midst of the second COVID-19 wave. Our company, therefore, continued to focus during the year on risk management including control over asset quality and liquidity management. However, our strong business fundamentals have enabled us to withstand the headwinds faced by NBFC/HFC industry. At the same time, we devoted the year to improving productivity of our employees, deploying technology to enable our employees to cater to all the needs of the clients while working from home and ensuring quality of credit and customers.

EHFL adopted prudent approach with disbursals only to targeted customers predominantly under ECLGS scheme launched by the government. Fresh disbursals were gradually restarted in H2Fiscal 2021 without losing the sight of the risk environment. This resulted in a temporary setback to the growth momentum we had achieved in the past few years.

EHFL employed Direct Assignment and Securitization as an effective way to manage ALM and cost of liabilities. Various costs management initiatives were undertaken during the year. Further, structural interventions like process changes, analytics and technology adoption will aid in cost optimization and improved productivity. Fiscal 2021 further saw mass mobilization of the extended organization towards collections and recovery. Various employee engagement initiatives also were undertaken with special focus on talent management.

Our Strengths

We believe that the following are our key strengths

Established brand and parentage

The Edelweiss group is one of India's prominent financial services organizations offering products/services portfolio which cater to the diverse investment and strategic requirements of corporate, institutional, high net worth individuals and retail clients. EFSL, through its subsidiaries, offers to its customers a diversified financial services platform that provides various secured corporate loan products, and retail loan products, such as residential mortgages, SME financing, loans against property, asset management, asset reconstruction, life insurance and general insurance. EFSL, through its associate companies, also offers to its customers investment banking, institutional broking, retail broking and wealth advisory services. We believe EFSL's diversified service platform allows us to leverage relationships across various lines of businesses, thereby increasing our ability for repeat business and cross selling our products and benefits from customer reference. We believe that Edelweiss today enjoys a strong brand franchise in the financial services space backed by a reputation for consistent focus on execution and innovation. It has sought to carve a distinct brand identity which, help us to increase awareness and consideration amongst our customers.

Edelweiss group enjoys a large client base of approximately 1,570,000 retail clients across its various businesses as at September 30, 2021. Edelweiss group has approximately 219 offices in approximately 124 cities in India and seven international offices in three international locations as at September 30, 2021. 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, liquid balance sheet, 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. We believe that by leveraging on the existing relationships and synergies with the Edelweiss group we will be able to further expand the size of our Loan Book, launch new products and build scale. We further believe that the relationships that Edelweiss group has developed provides us with opportunities for cross selling our products through customer reference.

Pan-India distribution network

Our pan-India network spanned across a total of approximately 67 offices in approximately 66 major Indian cities as at September 30, 2021, as shown below:

Note: Map is not according to scale and is only for illustration purposes.

Our extensive network enables us to acquire more customers for our retail businesses where increased profitability and ROE are based upon increased scale of business. Our retail customer base was approximately 22,500 as at March 31, 2021, and was approximately 21,500 as at September 30, 2021.

Access to range of cost effective funding sources

Our funding requirements are predominantly sourced through credit facilities from banks, NHB and the issuance of redeemable non-convertible debentures on a private placement basis/through public issuance. We have, over the period of last few years, accessed funds from multiple classes of credit providers, including nationalised banks, private Indian banks, and mutual funds. Access to low cost borrowings under the NHB refinance window helps us reduce our cost of borrowings. We believe that we have developed stable long-term relationships with our lenders and established a track record of the timely servicing of our debts. Our Total Borrowings were ₹ 34,813.74 million as at March 31, 2021 and ₹ 29,509.99 million as at September 30, 2021.

We believe that in the past few years we have been able to achieve a relatively stable cost of funds despite the difficult conditions in the global and Indian economy, especially after collapse of a domestic AAA rated financial services company in September 2018, and the resultant reduced liquidity and volatility in interest rates, primarily due to effective treasury management and innovative fund raising programs. We believe we are able to borrow from a range of sources at competitive rates.

Set forth below is our Average Cost of Borrowing for the last three fiscal years.

Year	Fiscal 2021	Fiscal 2020	Fiscal 2019
Average Cost of Borrowing	9.28%	9.62%	9.02%

Capitalisation

Our Company operating under our HFC license is subject to the capital to risk assets ratio ("**CRAR**") requirements prescribed by the NHB/ RBI. We are currently required to maintain a minimum 13% CRAR as on March 31, 2020, 14% on or before March 31, 2021, and 15% on or before March 31, 2022, under the prudential norms prescribed by the NHB/RBI. We maintain a CRAR higher than the level that is prescribed by NHB/RBI as applicable.

Our CRAR as at March 31, 2021, and September 30, 2021, is as under:

	Minimum Regulatory CRAR	CRAR as on March 31, 2021	CRAR as on September 30, 2021
Total Capital Ratio (calculated as per Ind AS)	14% by March 31, 2021 15% by March 31, 2022	26.49%	22.00%

While we believe that we are currently adequately capitalised, we continue to seek fresh capital or release capital through securitisation of assets to fund our future asset growth as also to ensure that we do maintain a sufficient cushion over the regulatory minimum CRAR.

Diversified credit profile, strong credit evaluation and risk management systems

We launched our credit business around 11 years ago with retail credit products and we have diversified our credit portfolio since then by adding other retail credit products. While the home loan portfolio constitutes the largest part of our credit book, we seek to diversify our credit risk and ensure that no individual credit product contributes a large portion to our overall credit book subject to the conditions stipulated in the HFC license. At the same time, home loans are generally considered less riskier based on their historical performance across lenders. We believe that this mitigates the risk of concentration to any particular product or sector and helps us to manage our risk exposure in a more effective manner. Within each product too we seek to mitigate the risk by catering to a diverse set of clients. We believe that the scale of our retail credit portfolio imparts stability to the credit book because retail loans are fairly sticky and stable with no concentration risk.

We believe that our business processes ensure independence of functions and a segregation of responsibilities. We believe that our credit appraisal and credit control processes, centralised operations unit, approval of loans at transaction level and in house internal audit unit for checking compliance with the prescribed policies, as well as our risk management processes and policies allow multiple layers of checks and verifications. These legal and technical verifications include collateral valuation, title search, document verification, fraud and KYC verifications, personal meetings with clients and internal review before the disbursement of loans. Our processes have been standardised with the objective of providing high quality of service and ensuring efficiency, and to facilitate integration of our workforce, processes, and technology. Each of our key business processes is regularly monitored by the respective business or operations head.

The asset quality of the overall credit book has continued to be under control with Gross NPLs at 3.41% and Net NPLs at 2.95% as on September 30, 2021, Gross NPLs at 3.50% and Net NPLs at 3.14% as on March 31, 2021. While the asset quality deteriorated slightly during the Fiscal 2020 and Fiscal 2021 due to environmental headwinds including the effects of the pandemic, it has started improving in Fiscal 2022 following a multi-pronged strategy adopted by us. We believe that we have the necessary internal controls and risk management systems to assess and monitor risks across our various product lines. Our risk management systems function through an independent department concerning accounts and operations at business unit and a dedicated centralised risk management team. We seek to monitor and control risk exposure through a variety of separate but complementary financial, credit and operational reporting systems.

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 business/operations head and risk head.

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 the Business Risk Group embedded in the business. As the second line of defense, Edelweiss group has created a Global Risk Group that is responsible for managing the risk arising out of various business activities at a central level. We seek to monitor and control risk exposure through a variety of separate but complementary financial, credit and operational reporting systems.

Experienced Management Team and Culture

Our most important asset is our people. We seek to consistently reinforce our management strength and experience through strong corporate governance and our employees' commitment to our business through recruitment, training and a performance review and compensation system that emphasises teamwork. Our senior management has extensive experience in the banking and financial services sector. And each of our product lines is supported by a dedicated team of managers with specialised professional expertise.

We believe the strength of our senior management team helps us in implementing policies and processes that ensure healthy credit quality and high standards of work ethic and that our current management structure allows scalability. Our senior management seeks to maintain a strong focus on corporate governance.

Our management team is supported by a capable and motivated pool of approximately 542 employees as on September 30, 2021. 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 empaneled lawyers and technical vendors. We believe that the extensive relevant experience and financial acumen of our management and executives provides us with a distinct competitive advantage. Our Board, including the independent directors, also has extensive experience in the financial services and banking industries in India.

Effective Use of Technology, Analytics and Credit Bureau

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, computation of income, 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.

We have a customised platform for loan origination and credit underwriting for some of our products, which provides our credit officers with basic scorecards generated by the platform, to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors, including an external credit rating (CIBIL), salary or income details and other asset details. With the help of this platform, our credit officers are provided the data to approve or reject a retail loan within a very short time. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

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.

Our Strategies

Our key strategic priorities are as follows:

Retail Focus

We are focused on high growth, dispersed risk-retail lending. We seek to further increase our presence in small ticket home loans by utilizing the extensive branch network. This product line is intended to provide scale & diversify the risk across geographies and demographics.

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

We intend to further improve the diversity of our product portfolio as well as increase the granularity of our Loan Book while catering to the financial needs of our customers. Beyond our existing loan products, we intend to leverage our brand and office network, develop complementary business lines, and become the preferred provider of home loans in tier 2 and tier 3 towns.

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 grow the share of our disbursements to home loans, loans against property and construction finance to capture market share in what we believe is a growth area and improve the diversity of our loan exposure.

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.

Improve our credit ratings to optimize cost of funds

We fund our capital requirements through a variety of sources, including credit facilities from banks, NHB and issuance of money market instruments. For details of our credit ratings as of September 30, 2021, please see "- *Credit Rating*" on page 103.

We believe that we have been able to achieve relatively stable and competitive cost of funds from a wide range of sources, primarily due to our credit ratings and the goodwill associated with the Edelweiss brand name. Over the years, we have focused on improving our assets liability management by ensuring that we align our liabilities profile in sync with assets profile. As the assets profile is longer duration, our liability mix includes long term borrowings from banks and shorter term borrowing form debt markets/money markets. We have also increased long term market borrowing by placement of NCDs. We have also diversified our sources of borrowing by obtaining credit facility from a number of banks besides MFs and NHB. 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. We will continue to attract talented employees through our retention initiatives and recruitment from colleges. Our retention initiatives include job rotation, half yearly reviews, stock options of our Promoter EFSL, performance based incentive, employee recognition programs, training at our training facilities and on-the-job training. We invest a significant amount of time and resources for training our employees, which we believe fosters mutual trust, improves the quality of our customer service, and puts further emphasis on our continued retention.

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

We are focused on building a technology and 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 aided by deeper technological support.

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.

Continue to leverage our large customer base

We have a large base of customers, spread across India, who have availed of loans from our company. In addition we have the ability to cross-sell our products to a very large base of customers of our group. We have developed a data analytics platform, which analyses customer information and helps us in originating new loan products and to cross-sell our current loan products. We intend to build on the momentum of cross selling our products and services to our existing customers – either of our company or of our group companies.

OUR PRODUCTS

Our company launched retail credit business in 2011 by offering housing loans and diversified later by including small ticket affordable housing loans in Tier 2 and 3 cities, other business loans including loans against property (LAP) and residential projects construction finance. Our credit business is a mix of diverse and scalable products.

Product wise distribution of our Loan Book is as under:

(₹ in million)

EHFL Credit Book at the end of	Half year period ended September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Housing Loans	21,040.98	20,785.24	25,367.19	28,682.58
Non-Housing Loans including LAP	13,378.25	14,451.92	17,176.70	22,077.48
Construction Finance	1,024.91	1,216.42	1,066.50	3,201.88
Loan Book	**35,444.14**	**36,453.58**	**43,610.39**	**53,961.94**

Percentage contribution of various products to the Loan Book is as under:

EHFL Credit Book at the end of	Half year period ended September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Housing Loans	59.36%	57.02%	58.17%	53.15%
Non-Housing Loans including LAP	37.74%	39.64%	39.39%	40.91%
Construction Finance	2.89%	3.34%	2.44%	5.93%
Loan Book	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Our top 20 exposures as at March 31, 2021 and September 30, 2021 aggregated to ₹ 3,445.64 million and ₹ 4,154.52 million amounting to 9.45% and 11.72% of our total Loan Book, respectively.

Our loan portfolio has grown since commencement of operations in the Fiscal 2011 reaching a peak at the end of Fiscal 2019, supported by higher government support, lower interest rates and easing inflation. Also, rising urbanisation, nuclearization of families and an increase in the number of affordable-housing projects led to faster loan growth. However, due to tight liquidity conditions for NBFCs/HFCs in the recent past after the collapse of a AAA rated domestic entity and the effects of the COVID-19 pandemic our Loan Book has suffered a de-growth in the recent past as risk management was the focus rather than asset growth during these trying times.

A. Home Loans

Home loans are majorly offered to salaried individuals, self-employed individuals, and professionals. The home loans are generally provided for purchase of existing property, purchase of plot for construction thereon, self-construction of new property and extension or renovation of existing residential property. The loans are secured by the mortgage of the property/house for which the loan is provided. The tenure of the loans generally ranges upto 25 years.

B. Other Non-Housing Loans including Loan against Property ("LAP")

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 corporate entity. The tenure of the loans generally ranges upto 10 to 15 years based on specific products.

C. Construction Finance

Construction finance is a loan facility offered to real estate developers towards the cost of the construction of generally a residential project. The financing is usually against real estate collateral and/or other collateral. The loan disbursements are construction linked. The tenure of the loans generally ranges upto 5 years. We launched financing builders for construction of residential projects in Q4FY16 with a modest beginning. While the portfolio grew in the initial periods, subsequent headwinds faced by the construction industry exacerbated by liquidity crisis for NBFCs/HFCs, resulted in its decline. However with the construction industry prospects improving in the last quarter or two, we are again re-looking at scaling up this product subject to adhering to all the necessary covenants of risk management.

As per RBI circular no. RBI/2020-21/73 dated February 17, 2021 on Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions 2021, para 4.1.16 (k) and 4.1.17, definition of "Housing Finance" includes lending to builders for construction of residential dwelling units. Hence, if we are able to scale up this product in future, it may also help us in meeting specified criteria as per the above referred RBI circular on future timelines. However no assurance can be given at this stage that we will indeed be able to scale up lending under this product.

Construction finance is made available to real estate developers with a maximum ticket size of Rs.1,000 million for a period not exceeding five years with project funding capped at 55% of the construction cost of the project. In practice, we normally focus on smaller ticket lending under this product to maintain granularity under this product. Source of repayment for such loans is the cash flow of the project subject to Escrow mechanism. Approval of Construction Finance proposals is done by the Credit Committee upon recommendation of National Head, Business Head and Risk Head. We have a separate policy for Construction Finance with detailed criteria for managing this product.

While we initially launched our mortgage business including home loans and LAP in major metropolitan areas/ tier 1 cities, our focus is now on building the small ticket or affordable home loans in tier 2 and 3 cities. We focus on home loans through developer tie-ups and participating in affordable housing programs. With our increased eligibility to obtain refinance from the National Housing Board at a reduced borrowing cost, we seek to grow this business with increasing profitability. Additionally, once the Retail Mortgages book achieved the desired level of seasoning, we have been able to initiate securitisation of home loans as a part of our strategy for mobilisation of resources from alternate sources to free up equity capital for further growth as well as to optimise the yields on such loans. The loan to value ratio in our home loans and LAP portfolio remained at a comfortable level.

CREDIT PROCESSES

A. Customer Evaluation, Credit Appraisal and Disbursement

Our Credit Policy

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, credit history and nature and value of the collateral offered 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 Direct Sales Agents (DSAs), Direct Sales Teams (DSTs) or through our experienced and well trained sourcing teams or internal channels sourcing through Edelweiss group companies. The channel partners undergo a detailed evaluation process covering their experience, past performance, market standing and distribution business model before empanelment with us.

B. Loan Management Technology Platform

EHFL uses the Digital Lending Platform (DLP) as the Loan Origination System (LOS) for customer onboarding. DLP has been developed in-house over one of the world leaders - Low Code Development Platform – Outsystems.
DLP has been awarded the "*Best Innovation Product in APAC region, in FinTech Digital Transformation*" category (chosen out of 100+ Banks & NBFC's in Asia).

Loan Origination is handled by the DLP and then DLP connects with the FinnOne, for credit appraisal system, loan management system, disbursement and post-disbursement processing.

We are currently internally evaluating a proposal for upgrading the existing version of FinnOne to FinnOne NEO and a decision is likely to be taken in the next few quarters. At the same time, no assurance can be given at this stage that we will indeed upgrade our software to FinnOne NEO.

Mentioned below are some of the salient features of the FinnOne NEO platform should we choose to upgrade our current platform:

- Digitization of end-to-end loan lifecycle
- Ready to be deployed in cloud
- Completely automated and paperless processes
- Dynamic workflow management
- Manages value added products & organization specific workflows
- Omni-channel capability
- Hardware & software agnostic
- Integrated multi-currency & multi-lingual accounting & rule engine

Evaluation and Approval

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 includes 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 empaneled 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**.**

We believe our business processes ensure complete independence of functions and a segregation of responsibilities. We believe our credit appraisal and credit control processes, centralised operations unit, independent audit unit for checking compliance with the prescribed policies and approving loans at transaction level as well as our risk management processes and policies allow layers of multiple checks and verifications. These legal and technical verifications include collateral valuation, title search, document verification, fraud and KYC verifications, personal meetings with clients and audit before the disbursement of loans. Furthermore, our processes have been standardised with the objective of providing high quality of service and ensuring efficiency. This is achieved by facilitating the integration of our workforce, processes, and technology. Our key business processes are regularly monitored by the respective business or operations head. Our loan approval and administration procedures, collection and enforcement procedures are designed to minimise delinquencies and maximise recoveries.

We believe that we have the necessary internal controls and risk management systems to assess and monitor risks across various lines. The risk management systems function through an independent department concerning accounts and operations and a dedicated centralised risk management team. We seek to monitor and control risk exposure through a variety of separate but complementary financial, credit and operational reporting systems.

Credit Appraisal

Our basic credit appraisal process broadly follows the following flow chart:

1. Field Investigation and Credit Bureau check
2. Data of Negative Customers checked from Dedupe Referral
3. Financial appraisal & eligibility computation as per credit policy norms
4. Preliminary legal and technical appraisal (For Home Loan - legal and Technical can be initiated at the time of disbursement)
5. Personal Discussion with the applicant if required
6. Recommendation for sanction /sanction as per credit authority delegation matrix
7. Sanction letter generation & delivery to customer
8. Acceptance of offer by customer and payment of balance processing fees
9. Submission of documents as per Pre-disbursement conditions & required property papers
10. Property Insurance & Other insurance, if applicable
11. Collection of PDCs/ECS Mandate
12. Loan Agreement Execution along with other disbursement related forms / documents
13. Creation of charge vide Equitable / Registered mortgage & executing Memorandum of Entry or obtaining letter of creation of charge (where applicable)
14. Disbursement Cheque Preparation by Operations
15. Visit to property by technical person for subsequent disbursement if applicable
16. Subsequent Disbursement to be done with cheque preparation as per authority

Approval and Disbursement 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. 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 reviews 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 collection personnel to ensure timely collection of dues. We also utilise our sales personnel for collection of payment wherever required.

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.

Co-Lending

EHFL is currently evaluating Co-Lending with partners on home loans, loan against property and construction finance business. We (EHFL and partners) will arrive at common products, policies and risk mitigants with a target customer segment. There will be sharing or risk and reward, and partners will be aligned on all loan exposures. With the revised RBI circular on co-lending, EHFL will be able to leverage its reach and customer acquisition (including on boarding and customer servicing) and rely on partners' balance sheet for granting the exposure. However, no assurance can be given at this stage that we will indeed enter into agreements with partners for co-lending or with how many partners.

C. Marketing

We source our potential customers through our experienced and well trained sourcing teams or through pre-approved channel partners. The channel partners undergo a detailed evaluation process covering their experience, past performance, market standing and distribution business model before empanelment with us. Further there is also cross selling of loan products to clients having an existing relationship with other lines of business of Edelweiss group. We monitor their performance periodically for adherence to processes prescribed for them for customer sourcing.

Our Business Approach

Over the years, a key question that we have faced is what it takes to build a sustainable business. Having engaged in trying to build sustainable and quality businesses over the last 10 years, we now believe that building a business involves the management of four key vectors:

- **Cost** – Managing costs is not about cutting costs, but about calibrating costs to ensure that necessary balance between current and future spending and investment. We seek to continue invest in business and opportunities in order to build the scale of our credit business.

- **People** – We believe that our people are critical to the mission of our company and human capital sets apart good companies from great companies. We believe that we have been fortunate to work with people who have not only proved to be valuable assets in driving our business and enterprise functions but equally adept at helping extend our core focus on people management to their own leadership teams.

- **Risk** – Managing risk and treading carefully is central to our mission and risk management has been a core focus since our inception for the growth of our business. By embedding risk management into the culture of our company, we have tried to ensure that the first line of defence starts with each individual and pervades throughout.

- **Customers** – Customer experience is a key component of the long-term growth of our business. Our brand building mission has been intensified by digitalisation and easy access of customers to our products. We have also increasingly enhanced our focus on customers with three new guiding principles added to our original list of ten, each of them focusing on customers.

We seek to support our management with these four key vectors along with a high degree of technological penetration throughout our business operations.

D. Capital Adequacy

We are subject to capital adequacy ratio ("**CAR**") requirements prescribed by NHB. We are currently required to maintain a minimum 13% CRAR as on March 31, 2020, 14% as on March 31, 2021, and 15% on or before March 31, 2022, under the prudential norms prescribed by the NHB. As part of our governance policy, we maintain capital adequacy higher than the statutorily prescribed CRAR.

The following table sets out our capital adequacy ratios computed on the basis of applicable NHB requirements as at the dates indicated:

Particulars as on	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
CAR prescribed by NHB %	15.00*	14.00	13.00	12.00
CET1 Capital ratio %	22.00	26.49	28.03	20.80
CET2 Capital ratio %	0.00	0.00	0.54	0.60
Total Capital Ratio as per Ind AS %	**22.00**	**26.49**	**28.57**	**21.40**

**15% to be maintained on or before March 31, 2022.*

Asset Quality

We believe we follow risk management policies to ensure that the asset quality of our credit book remains comfortable. The NPA details are as under:

(₹ in million)

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Loan Book	35,444.14	36,453.58	43,610.39	53,961.94
Gross NPLs	1,207.61	1,275.82	760.57	982.91
Gross NPLs %*	3.41	3.50	1.74	1.82
Provision Held for Non-Performing Loans	161.14	131.73	110.58	140.88
Net NPLs**	1,046.47	1,144.05	649.99	842.03
Net NPLs %***	2.95	3.14	1.49	1.56
NPL Provision Cover %****	13.34	10.33	14.54	14.33
Standard Asset Provision Held	457.16	363.25	299.18	222.05

**Gross NPL % = Gross NPL / Loan Book*
***Net NPLs = Gross NPLs (-) provision held for non-performing loan*
****Net NPLs % = –Gross NPLs - provision held for non-performing loan) / Loan Book*
*****NPL provision cover = Provision held for non-performing loan / Gross NPLs*

Movements of NPAs (Stage III loans)

	Particular	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
i)	**Movement of Gross NPAs**			
	a) Opening balance	760.57	982.91	810.31
	b) Additions during the year	2,330.88	1,571.29	497.09

	Particular	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	c) Reductions during the year	(1,815.67)	(1,793.63)	(324.49)
	d) Closing balance	1,275.78	760.57	982.91
ii)	**Movement of net NPAs**			
	a) Opening balance	649.99	842.03	699.39
	b) Additions during the year	2,045.97	1,358.59	407.19
	c) Reductions during the year	(1,551.91)	(1,550.63)	(264.55)
	d) Closing balance	1,144.05	649.99	842.03

Concentration of NPAs (Stage III loans) as of March 31,2021

Particular	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Gross NPA (Stage-III)	1,275.78	760.57	982.91
Net NPA (Stage-III)	1,144.05	649.99	842.03
Total exposures to top ten NPAs	197.87	173.48	242.50

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. Our funding requirements are predominantly sourced through credit facilities from banks, NHB and the issuance of redeemable non-convertible debentures on a private placement basis/through public issuance. Access to low cost borrowings under the NHB refinance window helps us reduce our cost of borrowings. This helps us to raise resources at the most competitive rates, protect interest margins and maintain a diversified funding portfolio that enable us to achieve funding stability and liquidity.

Borrowings

We have, over the period of last few years, accessed funds from multiple classes of credit providers, including nationalised banks, private Indian banks, NHB and mutual funds. We believe that we have developed stable long-term relationships with our lenders and established a track record of the timely servicing of our debts. Our Total Borrowings were ₹ 34,813.74 million as at March 31, 2021 out of which, ₹ 13,314.00 million were to mature in less than one year. Our Total Borrowings were ₹ 29,509.99 million as at September 30, 2021.

For further details, please refer to the sections titled ***"Financial Statements"*** and *"Financial Indebtedness"* on pages 137 and 224.

Credit Rating

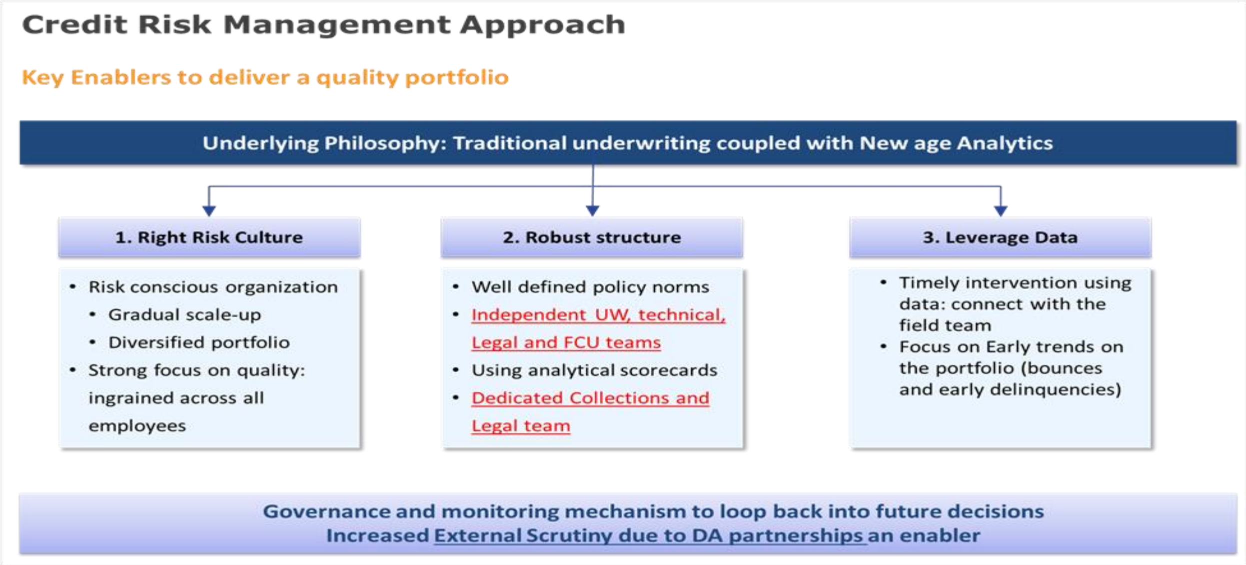
Details of credit ratings of our Company current as on the date of the Draft Prospectus are as under:

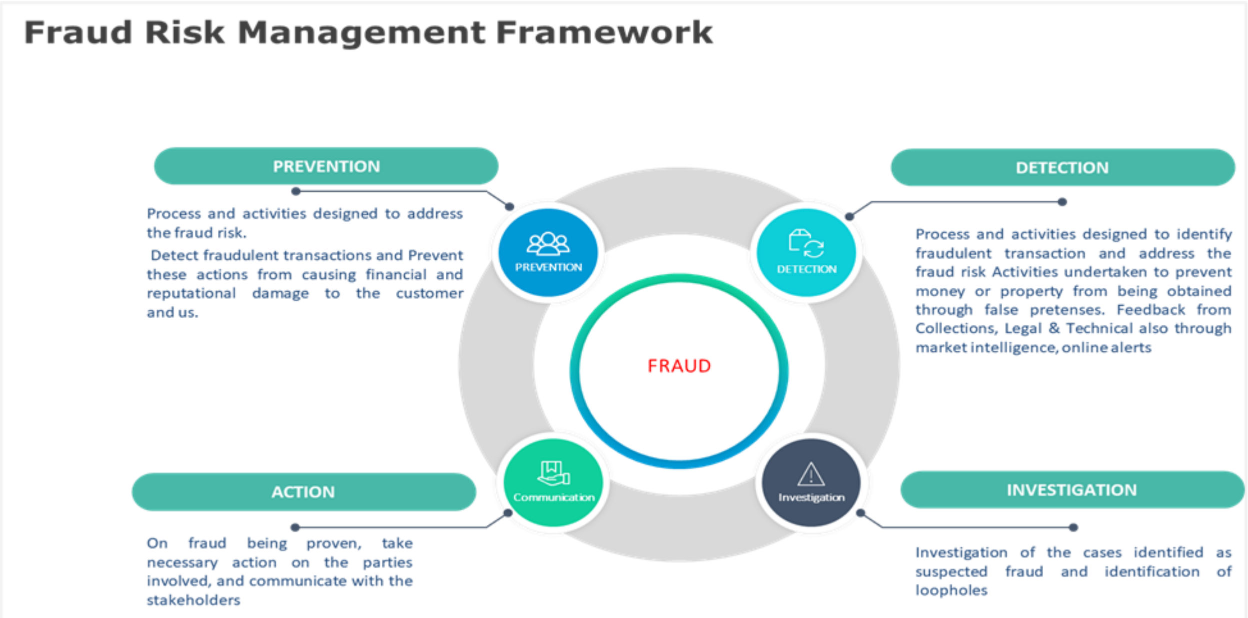
Credit Rating Agency	Instruments	Ratings/Outlook
ACUITE	Long Term - NCDs	ACUITE AA/Negative
BWR	Long Term - NCDs	BWR AA-/Stable
BWR	Perpetual Debt	BWR A+/Stable
CARE	Bank Lines	CARE A+/Stable
CARE	Long Term - Subordinated Debt	CARE A+/Stable
CARE	Long Term - NCDs	CARE A+/Stable
CARE	Short-term – Commercial Paper	CARE A1+
CRISIL	Bank Lines	CRISIL AA-/Negative
CRISIL	Long Term - NCDs	CRISIL AA-/Negative
CRISIL	Short-term – Commercial Paper	CRISIL A1+
ICRA	Bank Lines	ICRA A+/Negative
ICRA	Long Term - Subordinated Debt	ICRA A+/Negative
ICRA	Long Term - NCDs	ICRA A+/Negative

RISK MANAGEMENT

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 the Business Risk Group embedded in the business. As the second line of defense, Edelweiss group has created a Global Risk Group that is responsible for managing the risk arising out of various business activities at a central level.

Risk Management function at our Company is illustrated in the following charts:





Asset and Liability Management Committee ("ALCO")

We require sizeable working capital and hence day-to-day liquidity management becomes a critical function. In addition, as our Home Loan and LAP book scales up, the asset side duration lengthens requiring greater attention to management of liabilities. Our ALCO was constituted on November 2, 2010 and four senior management members of EHFL or Edelweiss group are its current members. Our ALCO usually meets once in a quarter or as and when necessitated by internal or external developments. Its last meeting was held on November 22, 2021. The ALM statement of our Company is prepared on a monthly basis to track the inflows and outflows in the relevant buckets. The ALM statement is placed before our Asset Liability Management Committee (ALCO) on a periodical basis. Since the 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.

Brief Terms of Reference of ALCO:

- Review of macro-economic scenario, impact of industry and regulatory changes
- Formulating ALM Policy and monitoring the asset liability gap
- Strategizing action to mitigate liquidity and other risks associated with the asset liability gap.
- Articulating and monitoring liquidity risk tolerance that is appropriate for its business strategy
- Ensure that credit exposure to any one group does not exceed the internally set limits as well as statutory limits set by RBI.
- Decide the strategy on the source, tenor and mix of assets & liabilities, in line with its business plans
- Review stress test scenarios including the assumptions and results.
- Analyse and manage interest rate risk, liquidity risk, capital allocation, liquidity cost, off balance sheet exposures, contingent liabilities, management of collateral position and intra-group transfers.

The above terms of reference are only illustrative and are not exhaustive.

Ever since the collapse of a AAA rated entity in September 2018, NBFC/HFC industry is facing tight liquidity and a credit crunch. The situation has been exacerbated by the COVID-19 pandemic. We have accordingly enhanced monitoring of our available liquidity to repay our maturing liabilities in a timely manner and we will be able to successfully navigate the tight liquidity situation in coming months. We also use additional resources windows made available by Finance Ministry and RBI with regards to providing liquidity to MFs and NBFCs/HFCs, especially as a part of COVID-19 stimulus package. We also continue to work on various sources to raise fresh funds through sell-down of wholesale assets etc., which should ease the resources situation.

Treasury Operations

Our treasury operations are mainly focused on managing our funding requirements as well as judiciously deploying temporary surplus funds. We believe that through our treasury operations we are able to deploy temporary surplus funds into liquid mutual funds, money market instruments and other instruments and maintain our ability to repay borrowings as they mature. Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the NHB requirements of asset liability management. The objective is to ensure smooth functioning of all operations and at the same time avoid the holding of excessive cash. Our investments, if any, are made in accordance with the investment policy approved by the Board.

Awards

Our company has been recognised and awarded as under:

1. Best Affordable Housing Finance Company of The Year (Mortgages) CMO Asia BFSI Excellence Award – September 2019
2. Affordable Housing Finance Company of the Year (Edelweiss Housing Finance) - ABP News BFSI Awards 2018

3. EHFL wins Fastest Growing Housing Finance Company at the Golden Globe Tiger Awards 2018

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. As at September 30, 2021 our company had approximately 542 employees.

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 organization's growth target in future. The three tiered Edelweiss Leadership Pool (ELP) at the centralized level in the Edelweiss Group, consisting of about 3 to 4% of the organisation employee base, comprises of Management Committee members, Senior Leaders (SL) and Business Leaders (BL) each of whom undergo a structured Engagement, Communication and Development (ECD) programme in the span of their membership period. A number of our employees form a part of these groups.

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.

As we increase our concentration on the retail function of our business, we believe that customer centricity is going to be the key driver of our business.

At Edelweiss, Customer Experience (CX) is regarded as a key pillar of business success in true spirit. With this motto in sight, we have continued to build a culture of customer-centric business. To drive this agenda, we have also implemented various measures including digital upgrade. Through these efforts, we are responding to evolving customer needs, and institutionalizing these processes across the organisation, to ensure a superlative experience for all our customers, throughout the value chain.

Corporate Social Responsibility

Edelweiss group'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. Through the EdelGive Foundation, the Edelweiss Group including us, financially support worthy non-profits and social entrepreneurs, plan, review and manage our portfolio of non-profits and social entrepreneurs. Equip philanthropists with investment advice customised for the non-profit sector, analyze outcomes of philanthropic investments, and monitor both individual programme milestones as well as their broader social impact.

EdelGive follows a research-based approach while sourcing credible non-profits. Investment decisions are based on thorough due diligence of target beneficiary needs, aspects of sustainability and programme impact analysis. EdelGive's objective is to select the best grantees as well as focusing on organizations that are addressing the most urgent and overlooked problems. EdelGive also attempts to signal other funders by taking the additional step of educating and attracting donors, especially those lacking expertise in the area, thus effectively improving or magnifying the return on a larger pool of philanthropic resources. EdelGive also endeavours to improve the performance of grant recipients by moving from the role of capital provider to fully engaged partner, thereby improving the grantee's effectiveness as an organization.

Edelweiss group has been recognized for excellence in CSR, through EdelGive Foundation, by the National CSR Award given by the Hon'ble President of India, Shri Ram Nath Kovind on October 29, 2019. It was also recognised for "CSR Initiative of the Year – India" for Organ Donation at the 6th Insurance Asia Awards in August 2021. Similarly, it was also felicitated by Times of India in September 2021 for Organ Donation.

Outsourcing

We enter into outsourcing arrangements for non-essential functions with third party vendors for a number of our product lines and services required by us. These vendors provide services, which include, among others, software services, client sourcing, and collection services. We conduct due diligence before finalising such outsourcing arrangements. We adhere to outsourcing guidelines prescribed by various regulators.

Competition

Our competitors include a large number of established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks and microfinance companies. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising related operational costs. Though housing finance companies are regulated by RBI and NHB, the entry barriers to the industry are not high with the result that the industry landscape is extremely competitive.

Insurance Coverage

We maintain a number of insurance policies to cover the different risks involved in the operation of our business. We maintain a directors' and officers' liability policy to cover certain liabilities that may be imposed on our directors and officers. We believe that our insurance coverage is appropriate and adequate for our operations. We have insurance policies covering, among others, electronic equipment, burglary, standard fire and special peril and machinery breakdown, and comprehensive general liability insurance. Some of these policies are taken at group level covering our and other group companies.

Property

As at September 30, 2021, we had approximately 67 domestic offices in around 66 cities which are on lease. Our company does not own any premises.

Intellectual Property

Our Company is using the following trademarks/ logos pursuant to a trademarks license agreement dated February 1, 2016 and Addendum thereto, entered into between our Company and Edelweiss Financial Services Limited:

Sr. No.	Trademark	Class	Valid Upto
1.	Edelweiss Ideas create, values protect	36	February 25, 2031
2.	Edelweiss Ideas create, values protect HOUSING FINANCE	36	March 18, 2026

HISTORY AND MAIN OBJECTS

Brief background of our Company

Our Company was originally incorporated on May 30, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Housing Finance Limited and received a certificate of incorporation dated May 30, 2008 and a certificate of commencement of business on June 12, 2008. The Corporate Identification Number of our Company is U65922MH2008PLC182906.

Our Company has obtained a Certificate of Registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank, to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 29A of the National Housing Bank Act, 1987.

Our Company does not have any subsidiary company.

Change in Registered Office of our Company

The registered office of our Company at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400098 was shifted from 14th Floor, Express Towers, Nariman Point, Mumbai-400021 with effect from April 15, 2011.

Main Objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, to purchase or acquire houses, buildings, offices, godown, warehouses, flats or to purchase any freehold or leasehold or any lands, estate or interest in or to take a demise for any term or terms of years of any land and property or to construct, erect, improve, extend, alter, renovate, develop or repair any house or building or any form of real estate or any part or portion thereof or by means of leasing, giving on hire or hire-purchase, lending, selling, reselling, or otherwise disposing of all forms of immovable and movable properties and assets of any kind, nature of user, whatsoever and for the purpose, purchasing or otherwise acquiring dominion over the same, whether new or used and whether engaged in the construction of residential houses, flats, for the purpose of construction of such residential houses, flats, including the acquisition and development of lands for the construction of such houses or flats and to private or public sectors engaged in the manufacture of building materials as well as construction equipment and machinery.

Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior to filing of this Draft Prospectus.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The Articles of Association sets out that the number of Directors in our Company shall be not less than three and not more than twelve.

As of the date of this Draft Prospectus, we have seven Directors on the Board, out of which one Director is Managing Director and CEO, three Directors are Non-Executive Director and three Directors are Independent Directors. Our Company has one woman director on the Board.

Details of Board of Directors as on the date of this Draft Prospectus:

Name, designation, and DIN (in alphabetic order)	Age (in years)	Address	Date of Appointment	Other directorships
Biswamohan Mahapatra Designation: Independent Director DIN: 6990345	67	Flat No. 502, Floor. 5, Wing M1, Riddhi Gardens M1 Riddhi Gardens CHSL, Gen. A.K Vaidya Marg, Malad (E), Mumbai – 400 097	Date of appointment: 29 October 2020	• NPCI Bharat Billpay Limited • NPCI International Payments Limited • ECL Finance Limited • National Payments Corporation Of India • HDFC Credila Financial Services Limited • Edelweiss Financial Services Limited • Ujjivan Small Finance Limited
Deepak Mittal Designation: Non-Executive Director DIN: 00010337	48	1103, Tower - B, Ashok Towers, Dr. SS Rao Road, Parel, Opp. Gandhi Hospital, Mumbai 400012	Date of appointment: 14 October 2019	• Edelgive Foundation • Edelweiss Tokio Life Insurance Company Limited • ECL Finance Limited
Gautam Chatterjee Designation: Independent Director DIN: 02464197	65	C-602 Amaltas CHSL, Juhu Versova link road, Above HDFC Bank, Andheri west, Mumbai Azad Nagar, Mumbai 400053	Date of appointment: 16 September 2021	• IRCLASS Systems And Solutions Private Limited • Centre Of Excellence In Maritime & Shipbuilding (CEMS)
Phanindranath Kakarla Designation: Non-Executve Director DIN: 02076676	54	F-2707/2708, Oberoi Splendor, Jogeshwari Vikhroi Link Road, Opp. Majas Bus Depo, Andheri East, Mumbai 400060	Date of appointment: 02 March 2021	• Edelweiss Retail Finance Limited
Rajat Avasthi Designation: Managing Director and CEO DIN: 07969623	48	Flat No. 704 –A, 7th Floor, Chardham CHS. F/952, 1 ST Road, Bandra West, Mumbai – 400050	Date of appointment: 23 September 2020	NIL
Shilpa Gattani Designation: Non-Executve Director DIN: 05124763	43	C-21, 2nd floor, Kalpataru Sparkle, Kalanagar, Bandra – East, Mumbai 400051	Date of appointment: 23 September 2020	• Edelweiss Retail Finance Limited

Name, designation, and DIN (in alphabetic order)	Age (in years)	Address	Date of Appointment	Other directorships
Sunil Phatarphekar Designation: Independent Director DIN: 00005164	58	501/502, Satguru Simran, 5th Floor, 3rd Road, Almeida Park, Bandra (West), Mumbai - 400050	Date of appointment: 13 April 2020	• Ajit Balakrishnan Estates and Securities Private Limited • Quintrol Technologies Private Limited • Ajit Balakrishnan Foundation • SNP Legal (Advocates) (Proprietor) • Bombay Gymkhana Limited (Ordinary Member) • Royal Bombay Yacht Club Limited (Ordinary Member) • Edelweiss Retail Finance Limited • Edelweiss Alternative Asset Advisors Limited

Brief profile of the Directors of our Company

Deepak Mittal

Deepak Mittal has more than two decades of experience in financial services. He heads the credit business of the group. He is presently the Vice Chairman of ECL Finance Limited. He has played several key roles at Edelweiss, one of the most recent being the CEO of Edelweiss Tokio Life Insurance Company Limited, a joint venture between the Edelweiss Financial Services Limited ("EFSL") and Tokio Marine Holdings of Japan. Prior to leading the Life Insurance business, he helped scale up the Capital Markets business at Edelweiss Financial Services Limited. He subsequently became the Chief Financial Officer of EFSL, where he helped steer the firm through a successful Initial Public Offering in 2007. He also led the group's new strategic initiatives and played a key role in the expansion of various Group businesses, including the acquisition and integration of Anagram stock broking. He is a chemical engineer from IIT-BHU and an MBA from the IIM Ahmedabad.

Sunil Phatarphekar

Mr. Sunil Phatarphekar is the proprietor of SNP Legal (Advocates) and has over 30 years of experience as a practicing advocate. He started his career in 1987. He has subsequently been associated with various law firms including Crawford Bayley & Company, Mahimtura & Company, and Shah Desai Doijode & Phatarphekar, Advocates. Mr. Phatarphekar also practices in the corporate field with specialization in commercial contracts and new technologies. Mr. Phatarphekar also serves as a Non-Executive director on the Board of various companies.

Shilpa Gattani

Ms. Shilpa Gattani has over 16 years of professional work experience. She has been with Edelweiss since 2005 and is instrumental in starting the fixed income desk at Edelweiss group. She has been leading this department since the last 6 years and has institutionalized the business to greater heights. Before being the head of Treasury Management business, she was Head of Resources at Edelweiss group wherein she was responsible for fund raising in the money market and Asset Liability Management. Over the period of last 10 years, she has built strong relationships with fund houses, banks and other financial institutions. Prior to this, Shilpa was company secretary for the Edelweiss group and responsible for governance and secretarial functions. Shilpa is a member of Institute of Company Secretaries of India and has done her master's in business administration.

Rajat Avasthi

Mr. Rajat Avasthi is an MBA from University Business School, Chandigarh and holds graduation Degree in BSc. from Panjab University, Chandigarh. Mr. Rajat Avasthi has over 25 years of experience across multiple industries. He started his career with Asian Paints, where he worked for 18 years with roles in sales, corporate marketing & strategy. He also worked on building a market entry strategy for Asian Paint's entry into Indonesia. Prior to joining Edelweiss group, he was associated with Vodafone as the Business Head of their business in Punjab, Himachal Pradesh and Jammu & Kashmir. Prior to that he was head of sales and marketing for Mumbai, their biggest market.

Biswamohan Mahapatra

Biswamohan Mahapatra is an Independent Director on our Board. He holds a Master's degree of science in management from Arthur D. Little Management Education Institute, Cambridge, Massachusetts, United States of America and a master's degree in business administration from the University of Delhi. His career spans over three decades. He retired as an executive director of the RBI on August 28, 2014. Post retirement, he was an Advisor to the RBI on the new bank licensing process. He has represented RBI at various national and international forums and chaired several RBI committees. He was also the Member Secretary to the Committee set up to introduce a financial holding company structure in India and was also involved in the formulation of Basel II and Basel III regulations. He also serves as an Independent Director on the boards of various companies and was reappointed as the Non-Executive Chairman of National Payments Corporation of India.

Phanindranath Kakarla

Mr. Kakarla is an IIM Calcutta and IIT Mumbai alumni. He has spent close to two decades in the financial services industry with comprehensive experience in Banking – Credit Risk, Distressed Debt Recovery, Finance, Operations and Relationship Management in Wholesale Lending, Corporate & Transaction Banking and Asset Management. He also has expertise in driving organizational transformation (across people, process and technology) and building and leading high-performance finance / operations teams across various geographies. His past experience covers a gamut of leading banks. He has been with the Edelweiss group for over 5 years wherein he has done various roles including Head of Centralised Services Group and Head of Group HR. He is currently the COO and CFO of ECL Finance Limited.

Gautam Chatterjee

Mr. Gautam Chatterjee is a retired officer of the Indian Administrative Service of the Maharashtra Cadre belonging to the batch of 1982. He superannuated on January 31, 2016. He has held several important assignments both in the Government of Maharashtra and Government of India, notable among them being Additional Municipal Commissioner of Mumbai Municipal Corporation, Joint Director General of Foreign Trade in the Ministry of Commerce, CEO of Maharashtra Housing and Area Development Authority, CEO of Slum Rehabilitation Authority and Dharavi Redevelopment Project, Principal Secretary of Maharashtra Housing Department, Joint Secretary in the Ministry of Defence, Director General of Shipping in the Ministry of Shipping, Government of India and Additional Chief Secretary, Transport and Ports, Government of Maharashtra. After his superannuation, he served as Officer on Special Duty (OSD) to the Chief Minister of Maharashtra before taking over as the first Chairperson of the Maharashtra Real Estate Regulatory Authority (MahaRERA) where he served till January, 2021.

Relationship between Directors

None

Remuneration of Directors

Details of remuneration paid to the Managing Director and CEO for the period ended September 30, 2021 and during the Fiscals 2021, 2020 and 2019 by our Company:

(₹ in million)

Name of Director	For the six months period ended September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Rajat Avasthi	13.83	9.93	20.94	4.78

There is no remuneration paid to the Directors for the six months ended September 30, 2021 and for the Fiscals 2021, 2020 and 2019 by our Subsidiaries and Associates

Our Company doesn't have any Subsidiaries and Associates as of the date of this Draft Prospectus.

The terms of remuneration of the Managing Director and CEO are as below:

1. Rajat Avasthi

The following table sets forth terms of remuneration to Rajat Avasthi, Chief Executive Officer ("**CEO**"), with effect from October 25, 2018, as approved by the Board of Directors at their meeting held on 25 October 2018 and further appointed as Managing Director, with effect from 23 September 2020, for a period of 3 years, as approved by the Board of Directors at their meeting held on 18 September 2019. His remuneration limits were revised by the Board of Directors and subsequently approved by the members of the Company *vide* their resolution dated November 3, 2021.

For appointment as Managing Director and CEO

Particulars	Remuneration
Salary	Not exceeding ₹ 20 million
Bonus	In addition to the salary, performance bonus, up to 200% of salary limit may also be paid and at such intervals as may be decided by the Board of Directors of the Company
Perquisites	In addition to the salary and the performance bonus, Mr. Rajat Avasthi shall also be entitled to the prerequisites.

Remuneration of Independent Directors

The Independent Directors are paid remuneration by way of sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee meetings). The Non-Executive Directors are not paid any sitting fees.

Our Company pays sitting fees of ₹ 20,000 per meeting to the Independent Directors for attending the meetings of the Board and Committees thereof.

There is no commission paid to any of the Directors.

The following table sets forth all compensation recorded by our Company to the Non-Executive Directors during the Fiscals 2021, 2020 and 2019, and as on six months ended September 30, 2021:

(₹ in million)

Name of Director	For the six months period ended September 30, 2021		For Fiscal 2021		For Fiscal 2020		For Fiscal 2019	
	Commission*	Sitting fees	Commission*	Sitting Fees*	Commission*	Sitting Fees*	Commission*	Sitting Fees*
P N Venkatachalam	-	0.14	-	0.40	-	0.48	-	0.30
P Vaidyanathan	-	-	-	-	-	0.32	-	0.02
Vijayalakshmi Rajaram Iyer	-	-	-	-	-	-	-	0.24
Sunil Phatarphekar	-	0.14	-	0.28	-	-	-	-
Biswamohan Mahapatra	-	0.2	-	0.10	-	-	-	-
Gautam Chatterjee	-	-	-	-	-	-	-	-

**Commission pertains to the immediately preceding Fiscal.*

Other understandings and confirmations

None of our Directors is, director or person in control of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2021

None of our Directors have been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution. None of our Directors are 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.

Borrowing Powers of the Board:

Pursuant to resolution passed by the shareholders of our Company on January 24, 2019 in accordance with provisions of 180(1)(c) and all other applicable provisions of the Companies Act and Articles of Association, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹ 100,000 million.

Interest of the Directors:

Except Deepak Mittal (in the capacity as nominee of Edelweiss Capital Limited, now known as Edelweiss Financial Services Limited), no other directors are interested in the promotion of the Company.

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. All the Independent Directors of our Company are entitled to sitting fees for attending every meeting of the Board or a committee thereof. The Whole-time Directors of our Company are interested to the extent of remuneration paid for services rendered / ESOP granted, if any, as an officer or employee of our Company.

All the directors of our Company, including independent directors, may also be deemed to be interested to the extent of Equity Shares, 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.

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 Draft 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 Draft 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 which are proposed to be made with them. Our Company's directors have not taken any loan from our Company.

As of the date of this Draft Prospectus, our Directors have not taken any loan from our Company. Except as disclosed in the Section "*Related Party Transactions*" on page 122 none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to anybody corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

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 to become, or to help them qualify as a director, or otherwise for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

No contribution has been made by the directors as part of the Issue or separately.

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

Except as disclosed hereinabove and the section titled *"Risk Factors"* on page 14, 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 sections titled "*Related Party Transactions*" on page 122 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.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Draft Prospectus with the RoC nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoters/Directors out of the objects of the issue.

Debenture holding of Directors:

As on September 30, 2021, the following Directors of our Company hold debentures issued by our Company.

Sr. No.	Name of the Director	Number of NCDs held	Face Value (In ₹)	Amount (in ₹ million)
1.	Ms Shilpa Gattani	1320	1000	1.32

Details of change in Directors of our Company during last three years preceding the date of this Draft Prospectus:

Name of Director, Designation and DIN	Date of Appointment/ Resignation	Director of our Company since (in case of resignation)	Remarks
Mr. Vineet Mahajan Designation: Director DIN- 07253615	March 16, 2020	January 19, 2016	Resignation
Ms. Shalinee Mimani Designation: Director DIN- 07404075	September 16, 2019	January 19, 2016	Resignation
Ms. Vijayalakshmi Rajaram Iyer Designation: Director DIN- 05242960	February 22, 2018	-	Appointment
Mr. Vaidyanathan P Designation: Independent Director DIN- 00029503	January 23, 2019	-	Appointment
Ms. Vijayalakshmi Rajaram Iyer Designation: Independent Director DIN- 05242960	February 11, 2019	February 22, 2018	Resignation
Mr. Deepak Mittal Designation: Non-Executive Director DIN- 00010337	October 14, 2019	-	Appointment
Mr. Vaidyanathan P. Designation: Independent Director DIN-00029503	February 4, 2020	January 23, 2019	Resignation
Mr. K. Siddharth Designation: Executive Director and CRO DIN- 02463804	May 15, 2020	September 30, 2015 (Designated as Executive Director & CRO effective October 1, 2019)	Resignation
Mr. Sunil Phatarphekar Designation: Independent Director DIN- 00005164	April 13, 2020	-	Appointment
Ms. Shilpa Gattani Designation: Non-Executive Director DIN- 05124763	September 23, 2020	-	Appointment
Mr. Rajat Avasthi Designation: Managing Director & CEO DIN- 07969623	September 23, 2020	-	Appointment
Mr. Biswamohan Mahapatra Designation: Independent Director DIN- 06990345	October 29, 2020	-	Appointment
Mr. Deepak Mundra Designation: Non-Executive Director DIN- 06733120	March 2, 2021	-	Appointment
Mr. Phanindranath Kakarla Designation: Non-Executive Director DIN- 02076676	March 2, 2021	-	Appointment
Mr. P. N. Venkatachalam Designation: Independent Director DIN- 00499442	June 17, 2021	February 25, 2015	Resignation
Mr. Gautam Chatterjee Designation: Independent Director DIN- 02464197	September 16, 2021	-	Appointment
Mr. Deepak Mundra Designation: Non-Executive Director DIN- 06733120	October 13, 2021	March 2, 2021	Resignation

Shareholding of Directors, including details of qualification shares held by Directors as on the date of this Draft Prospectus:

As on September 30, 2021, the shareholding of our Directors in our Company is as follows:

Sr. No.	Name of the Director, Designation and DIN	No. of Equity Shares of ₹ 1 each	Number of Stock Options	% of total Equity Shares of our Company
1.	**Biswamohan Mahapatra** *Designation*: Independent Director DIN: 6990345	-	-	-
2.	**Deepak Mittal** Designation: Non-Executve Director DIN: 00010337	1	-	Negligible
3.	**Gautam Chatterjee** *Designation*: Independent Director DIN: 02464197	-	-	-
4.	**Phanindranath Kakarla** *Designation*: Non-Executve Director DIN: 02076676	-	-	-
5.	**Rajat Avasthi** *Designation*: Managing Director and CEO DIN: 07969623	-	-	-
6.	**Shilpa Gattani** *Designation*: Non-Executve Director DIN: 05124763	-	-	-
7.	**Sunil Phatarphekar** *Designation*: Independent Director DIN: 00005164	-	-	-

***Shareholding of Directors in Subsidiaries and Associate companies, including details of qualification shares held by Directors as on the date of this Draft Prospectus*:**

As of the date of this Draft Prospectus, our Promoters do not hold any equity shares in our Subsidiaries and Associate Companies.

Key Managerial Personnel of our Company:

Provided below are the details of the Key Managerial Personnel of our Company, other than our Chairman & Managing Director and our Executive Directors, as of the date of this Draft Prospectus.

Company Secretary/Compliance officer

Mr. Vinay Tripathi is a Company Secretary from June 2004 batch. He has 16+ years of experience of working with certain well know Banks/NBFCs such as YES Bank, L&T Financial Services and RBL Bank Limited. He has handled multiple public issues in past. Mr. Tripathi has also provided his consent to the proposed appointments.

As on the date of this Draft Prospectus, all of the Key Managerial Personnel of our Company are the permanent employees of our Company.

Corporate Governance

We are in compliance with the requirements in relation to the composition of the Board of Directors and constitution of Committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Committee as mandated under the Companies Act, 2013 and the SEBI Listing Regulations.

Details of various committees of the Board:

Audit Committee **:**

The Audit Committee was last reconstituted vide a resolution passed by the Board on September 16, 2021. As on the date of this Draft Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Biswamohan Mahapatra	Chairperson	Independent Director
Shilpa Gattani	Member	Non-Executive Director
Sunil Phatarphekar	Member	Independent Director

The scope of the Audit Committee includes the references made under Regulation 18 read with part C of Schedule II of SEBI Listing Regulations as well as Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

1. recommend appointment, remuneration and terms of appointment of auditors of the Company;
2. review and monitor the auditor’s independence and performance and effectiveness of audit process;
3. examination of the financial statement and the auditors’ report thereon;
4. grant omnibus approval for related party transactions including subsequent modifications from time to time
5. approval or any subsequent modification of transactions of the company with related parties;
6. scrutiny of inter-corporate loans and investments;
7. valuation of undertakings or assets of the Company, wherever it is necessary;
8. evaluation of internal financial controls and risk management systems;
9. monitoring the end use of funds and any deviation or variation in the use of proceeds, raised through issuance of securities, from the objects stated in the Offer Document/Information Memorandum and related matters;
10. oversee the Vigil Mechanism;
11. calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
12. monitor fraud;
13. consider and take on record the periodic report of related party transactions;
14. oversee implementation of regulatory policies including Anti Money Laundering and KYC (Know your Customer) Policies;
15. review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee;
16. investigate into any matter in relation to the items specified in the relevant section of the Companies Act, 2013 or referred to it by the Board and for this purpose the Committee shall have full access to information contained in the records of the company and external professional advice, if necessary;
17. ensure that an Information System Audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by the HFCs; Further, the Company will carry out the ISA separately through a Certified Information System Auditor (“CISA”), in compliance with the provisions of the Directions; and
18. any other terms of reference as may be specified by the Board from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted vide a resolution passed by the Board on June 04, 2021. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Biswamohan Mahapatra	Member	Independent Director
Deepak Mittal	Member	Non-Executve Director
Sunil Phatarphekar	Chairperson	Independent Director

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI Listing Regulations and as amended read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly 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 HR;
2. recommend the Board of Directors, the appointment and payment of remuneration& removal of Directors/Manager

of the Company;
3. Specify manner for effective evaluation of performance of the Board, its Committees and individual Directors and review its implementation and Compliance;
4. formulate the criteria for determining qualifications, positive attributes and independence of a Director;
5. recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees of the Company;
6. ensure that reporting disclosures relating to remuneration meet all relevant statutory requirements;
7. review the Remuneration Policy for Directors and KMPs and/ or any other policies/manuals as may be framed under the Act from time to time;
8. ensure fit and proper status and credentials of proposed / existing Directors;
9. review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee; and
10. such other functions as may be prescribed from time to time.

*Corporate Social Responsibility Committee ("**CSR Committee**")*

The Corporate Social Responsibility Committee was constituted vide a resolution passed by the Board on October 27, 2021. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Deepak Mittal	Member	Non-Executve Director
Gautam Chatterjee	Member	Independent Director
Rajat Avasthi	Member	Managing Director and CEO
Sunil Phatarphekar	Member	Independent Director

The terms of reference of the CSR Committee is mentioned below:

1. formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy, which shall include the following, namely:-
   i. the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
   ii. the manner of execution of such projects or programs;
   iii. the modalities of utilization of funds and implementation schedules for the projects or programs;
   iv. monitoring and reporting mechanism for the projects or programs; and
   v. details of need and impact assessment, if any, for the projects undertaken by the company

   recommend to the Board, alteration of such plan at any time during the financial year, based on the reasonable justification to that effect;
2. recommend the amount of expenditure to be incurred on the CSR activities;
3. monitor the CSR Policy of the Company from time to time; and
4. review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee.

Stakeholders Relationship Committee
The *Stakeholders Relationship Committee* was constituted vide a resolution passed by the Board on October 27, 2021. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Mr. Sunil Phatarphekar	Chairperson	Independent Director
Mr. Gautam Chatterjee	Member	Independent Director
Mr. Deepak Mittal	Member	Non-Executve Director
Ms. Shilpa Gattani	Member	Non-Executve Director
Mr. Rajat Avasthi	Member	Managing Director and CEO

The terms of reference of the *Stakeholders Relationship Committee*is mentioned below:

1. consider and resolve the grievances of security holders, customers of the Company.
2. efficient transfer of securities including review of cases for refusal of transfer/transmission of securities;
3. redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates, non-receipt of balance sheet, etc.;
4. monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity

Shares and other securities issued by the Company, including review of cases for refusal of transfer/transmission of securities;

5. reference to statutory and regulatory authorities regarding investor grievances and customer complaints;
6. ensuring proper and timely attendance and redressal of investor queries and grievances and customer complaints;
7. to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers;
8. reviewing and approving such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee."

Risk Management Committee

The *Risk Management Committee* was reconstituted vide a resolution passed by the Board on October 27, 2021, . As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Deepak Mittal	Chairperson	Non-Executve Director
Biswamohan Mahapatra	member	Independent Director
Rajat Avasthi	Member	Managing Director and CEO
Umesh Wadhwa	Member	-
Nilesh Kumar Jain	Member	-

The terms of reference of the *Risk Management Committee* Committee is mentioned below:

1. Identifying, measuring and monitoring the various risks faced by the Company;
2. Mitigating various risks associated with functioning of the 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.
6. Promoting an enterprise risk management competence throughout the organisation, including facilitating development of IT-related enterprise risk management expertise.
7. Establishing a common risk management language that includes measures around likelihood and impact and risk categories.

OUR PROMOTER

The Promoters of our Company are:

1. **Edelweiss Financial Services Limited**

   Registered office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400098
   Date of Incorporation: November 21, 1995
   PAN: AAACE1461E

2. **Edelweiss Rural & Corporate Services Limited**

   Registered office: 2nd Floor, MB Towers, Plot no. 5, Road no. 2, Banjara Hills, Hyderabad 500034
   Date of Incorporation: October 17, 2006
   PAN: AAKCS7311R

3. **Edel Finance Company Limited**

   Registered office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400098
   Date of Incorporation: October 16, 1989
   PAN: AAACD4475F

As on September 30, 2021, our Promoters collectively hold 69,350,000 Equity Shares equivalent to 100 % of the Equity Share capital of our Company.

Profile of our Promoters

1. ***Edelweiss Financial Services Limited***

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.

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.

Board of Directors of EFSL

Sr. No.	Name of Director	Designation
1.	Rashesh Shah	Chairman, Managing Director & CEO
2.	Venkatachalam Ramaswamy	Vice Chairman & Executive Director
3.	Himanshu Kaji	Executive Director
4.	Rujan Panjwani	Executive Director
5.	Vidya Shah	Non-Executive Director
6.	P.N. Venkatachalam	Independent Director
7.	Navtej S. Nandra	Independent Director
8.	Kunnasagaran Chinniah	Independent Director
9.	Biswamohan Mahapatra	Independent Director
10.	Ashok Kini	Independent Director
11.	Ashima Goyal	Independent Director

2. ***Edelweiss Rural & Corporate Services Limited (Formerly known as Edelweiss Commodities* Services *Limited)***

Edelweiss Rural and & Corporate Services Limited ("**ERCSL**") was originally incorporated on incorporated on October 17, 2006 as a private limited company under the provisions of the Companies Act, 1956 as Sky Heights Developers Private Limited in the State of Maharashtra. Subsequently, the name was changed to "Comfort Projects Private Limited". Further, on January 13, 2011, the name was changed to Comfort Projects Limited as a public limited company. Subsequently, High Court, Hyderabad vide order dated April 13, 2012, sanctioned the composite scheme of arrangement and amalgamation, pursuant to which Edelweiss Trading & Holdings Limited merged with ECSL.

With effect from August 17, 2012, the name of the Company was changed from Comfort Projects Limited to Edelweiss Commodities Services Limited, pursuant to the fresh certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad.

Further, pursuant to a fresh certificate of registration dated March 12, 2019, issued by Registrar of Companies, Andhra Hyderabad, the name of the Company was changed to Edelweiss Rural & Corporate Services Limited.

Board of Directors of ERCSL

Sr. No.	Name of Directors	Designation
1.	Vinod Anand Juneja	Independent Director
2.	Santosh Bhanwarlal Dadheech	Non-Executive Director
3.	Nikhil Johai	Non-Executive Director
4.	Ananya Suneja	Executive Director
5.	Kunnasagaran Chinniah	Independent Director

3. Edel Finance Company Limited

Edel Finance Company Limited was originally incorporated under the name and style of Dropadi Finance Limited on October 16, 1989. The Company received the Certificate of Commencement of business on January 2, 1990 and was registered as an NBFC with the Reserve Bank of India (RBI), Mumbai Office vide certificate no. B – 13.01771 dated June 28, 2004. As of date, the Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Consequent to Edelweiss group acquiring the Company from Anagram Capital Limited, the name of the Company was changed to Edel Finance Company Limited" with effect from February 26, 2011 in order to reflect the association of the Company with Edelweiss group.

The Company received the certificate from RBI on October 9, 2018 to carry on the business as Core Investment Company.

With effect from April 9, 2021, the Edelweiss Finvest Limited got merged with the Edel Finance Company Limited.

Board of Directors of Edel Finance Company Limited

Sr. No.	Name of Directors	Designation
1.	Vinod Anand Juneja	Independent Director
2.	Subhramanian Ranganathan	Non-Executive Director
3.	Atul Jayesh Ambavat	Independent Director
4.	Vidya Shah	Non-Executive Director
5.	Sarjukumar Pravin Simaria	Non-Executive Director

Other understanding and confirmations

Our Company confirms that the Permanent Account Number and Bank account number of the Promoter and Permanent Account Number of Directors have been submitted to the Stock Exchange at the time of filing this Draft Prospectus.

None of our Promoters and the relatives of the Promoters as per the Companies Act, have been identified as Wilful Defaulters.

No violation of securities laws has been committed by our Promoters in the past or is currently pending against them except as disclosed in section titled "*Outstanding Litigations*" on page 239.

None of our Promoters, was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Promoters are not 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 the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in

India or abroad.

Common pursuits of our Promoters

None of our Promoters are engaged in businesses similar to ours.

Interest of our Promoters in our Company

Except as stated under the chapter titled "*Financial Information*" beginning on page 137, and to the extent of their shareholding in our Company, our Promoters do not have any other interest in our Company's business.

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 September 30, 2021, our Company, has sanctioned bank facilities from National Housing Bank of ₹ 3700.00 million outstanding ₹ 1713.83 million, which have been guaranteed by our Promoters, EFSL and ERCSL, respectively.

Our Promoters do not intend to subscribe to this Issue.

Payment of benefit to our Promoter in last three fiscal years

Other than as disclosed under the *"Related Party Transactions"*, available at page 122 and other than the dividend that may be declared and paid by our Company, our Company has not made payments of any benefits to the Promoter during the last three fiscals preceding the date of this Draft Prospectus.

Interest of our Promoters in property, land and construction

Our Promoter does not have any interest in any property acquired by our Company within two years preceding the date of filing of this Draft Prospectus or any property 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.

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the Fiscals 2021, 2020 and 2019 in accordance with the requirements under Ind AS 24 “Related Party Disclosures” notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see “*Financial Information*” on page 137.

REGULATIONS AND POLICIES

Given below is a summary of certain sector specific laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. This description may not be exhaustive and is only intended to provide general information to investors, and is neither designed, nor intended as a substitute for professional legal advice.

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Introduction - Registration as an HFC and generally applicable regulations

Our Company, being an HFC registered with the NHB, is primarily engaged in the business of providing loans and advances for housing activities.

The NHB was set up pursuant to the NHB Act, and as the principal agency to promote housing finance institutions and to provide financial and other support to such institutions. In terms of the NHB Act, the primary objectives of the NHB, *inter alia, include* (i) promotion and establishment, or aiding the promotion and establishment of housing finance institutions; (ii) making of loans and advances or rendering any other form of financial assistance for housing activities; (iii) dealing in bills, promissory notes and other instruments; and (iv) formulating schemes for the mobilisation of resources and extension of credit for housing. In line with these objectives and in terms of the NHB Act, the NHB has issued the NHB Directions, which amongst others, set out matters relating to acceptance of deposits by HFCs, prudential norms for income recognition, accounting standards, provision for bad and doubtful assets, capital adequacy and concentration of credit and investments to be observed by the HFCs and matters ancillary and incidental thereto.

Pursuant to the Finance (No. 2) Act, 2019, the NHB Act has been amended, pursuant to the NHB Act Amendments, to transfer the regulating authority for the housing finance sector from NHB to RBI. Accordingly, amongst others, (i) HFCs are now required to apply to the RBI for registration under the NHB Act, in place of the NHB; and (ii) the RBI has now been conferred the power (a) to determine the percentage of assets to be maintained in terms of its investments and purpose for appropriation of reserve fund; and (b) to regulate, by specifying conditions or prohibit the issue by any HFC of any prospectus or advertisement soliciting deposits of money from the public. However, the NHB Act Amendments, retain certain powers with the NHB, in addition to conferring such powers on the RBI, such as power to conduct inspections and request for documents from the HFCs.

Further, pursuant to the amendments to the 'Master Direction – Exemptions from the RBI Act, 1934 dated November 24, 2020, sections 45 – IA, 45 -IB and 45 – IC of the RBI Act, which deal with requirement of registration and net owned fund, maintenance of percentage assets, and the setting up and maintenance of a reserve fund are not applicable to HFCs.

On June 17, 2020, the RBI released proposed changes to be undertaken in the regulatory framework for HFCs post the transfer of regulation of HFCs from NHB to the RBI with effect from August 9, 2019, for public comments ("**Draft Framework**"). These included changes such as (a) defining principal business and qualifying assets for HFCs; (b) defining the phrase 'providing finance for housing' or 'housing finance'; (c) classification of HFCs as systematically important or non-systematically important; and (d) applicability of liquidity risk framework, liquidity coverage ratio and securitisation.

Basis the inputs received in relation to the Draft Framework, the RBI issued a revised framework for regulating the HFCs by way of its circular dated October 22, 2020 ("**Revised HFC Framework**"). Pursuant to the Revised HFC Framework, the RBI has, amongst others, (a) exempted HFCs from the applicability of section 45-IB and 45-IC of the RBI Act. However, relevant notifications in this regard are yet to be issued; (b) increased the minimum net owned fund requirement for HFCs from ₹ 100 million to ₹ 200 million; and (c) extended applicability of regulations applicable on NBFCs to HFCs pertaining to monitoring of frauds, information technology framework and implementation of Indian Accounting Standards for impairment allowances and regulatory capital.

However, issues in relation to the regulation of HFCs which were not covered in the Revised HFC Framework continue to be governed by the extant regulations issue by the NHB until detailed master directions are issued by the RBI.

Accordingly, activities of HFCs, are primarily regulated by the RBI and the NHB, including various aspects of our business such as definition of housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, on-boarding of customers, credit approval and risk management and asset classification and provisioning. Certain other generally applicable legislations as set out below also regulate other aspects of our business such as recovery of debt and taxation.

Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ***("RBI Master Directions")***

The RBI Master Directions define the term 'housing finance company' as a company incorporated under the Companies Act, 2013 that fulfils the following conditions:

a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets); and
b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing finance for individuals.

Net owned funds

In terms of the RBI Master Directions, every HFC is required to meet the requirement of net owned funds of ₹200 million for commencing housing finance as one of its principal business or carrying on the business of housing finance as one of its principal business. Provided that a housing finance company holding a certificate of registration and having net owned fund of less than ₹200 million, may continue to carry on the business of housing finance, if such company achieves net owned fund of ₹150 million by March 31, 2022 and ₹200 million by March 31, 2023. Further, for HFCs whose net owned fund currently stands below ₹200 million, are required to submit a statutory auditor's certificate to RBI within a period of one month evidencing compliance with the prescribed levels as at the end of the relevant period and with the failure to reach the minimum requirement leading to cancellation of registration as an HFC with allowance for conversion to a NBFC- Investment and Credit Companies.

Capital Requirement

As per the RBI Master Directions, every HFC is required to maintain a minimum capital adequacy ratio, consisting of tier I capital and tier II capital. Currently HFCs are required to comply with a CRAR, consisting of tier I and tier II capital, of at least 14% on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter, of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. At a minimum, tier I capital of HFCs cannot be less than 10%. Further, the total tier II capital at any point of time, should not exceed 100% of tier I capital.

Accounting Standards

HFCs that are required to implement Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 are to prepare their financial statements in accordance with Ind AS notified by the Government of India and comply with the regulatory guidance specified in terms of the RBI Master Directions. Other HFCs comply with the requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with any of the directions provided under the RBI Master Directions.

Source of funds

HFCs can generally raise funds by way of borrowings or through equity. The sourcing of funds by HFCs is primarily regulated by the RBI, NHB, and SEBI. The limits on borrowings by HFCs are governed by the RBI Master Directions. The RBI Master Directions currently permit HFCs to borrow up to 14 times their net owned funds until March 31, 2021 and after which this limit shall be further reduced to 13 times of their net owned funds until March 31, 2022 and subsequently to 12 times of their net owned funds thereafter. Further, the NHB NCD Directions require HFCs to have in place a board approved policy for resource planning.

In accordance with the RBI Master Directions, the Company has put in place a board approved policy for resource planning ("**Resource Planning Policy**"). The Resource Planning Policy seeks to maintain a balance in the source of funds by borrowing from the debt capital market as well as traditional borrowings from banks and others, reduce the weighted average cost of borrowing by borrowing across multiple maturities, support disbursement growth by providing adequate liquidity, and proper balancing of asset and liability mismatch within the permitted tolerance level.

Income Recognition and Provisioning Requirements

The RBI Master Directions require that income recognition be based on recognised accounting principles. Amongst others, income including interest, discount or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognised before the asset became NPA and remaining unrealised shall be reversed. Further, the RBI Master Directions require the board of directors of every HFC to frame investment policy for the company and shall implement the same.

Every HFC shall, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against standard assets, sub-standard assets, doubtful assets and loss assets.

Regulatory Restrictions

A HFC cannot lend against its own shares. Further, no HFC can grant housing loans to individuals up to (a) ₹30 lakhs with LTV ratio exceeding 90%; (b) above ₹30 lakhs and up to ₹75 lakhs exceeding 80%; and (c) above ₹75 lakhs with LTV ratio exceeding 75%. In inclusion, the RBI Master Directions provide for the definition of LTV ratio. Additionally, the NHB advised that disbursement of the loans should be strictly linked to completion of various stages of construction. Further, the RBI has mandated that the HFCs should set up a well-defined mechanism for monitoring the various stages of construction and for ensuring that the consent of the borrower is taken before disbursing the said amount to the constructor / developer.

Further, the fair practices code under RBI Master Directions ("**Fair Practices Code**") requires HFCs to convey certain terms and conditions at the time of sanction of loans such as the annualised interest rate, equated monthly instalments ("**EMI**") structure and prepayment charges.

Further, in terms of the PSL Master Directions, issued by the RBI, bank loans to HFCs (approved by NHB for their refinance) for on-lending is permitted, for up to ₹2 million per borrowers, for purchase/construction/ reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers.

Acceptance / renewal of public deposits

No deposit taking housing finance company shall accept or renew public deposit unless the HFC has obtained minimum investment grade rating for fixed deposits from any one of the approved credit rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms.

Acquisition / Transfer of Control

In terms of the RBI Master Directions, prior written permission of Reserve Bank of India shall be required for any takeover or acquisition of control of an HFC, which may or may not result in change of management, any change in the shareholding of an HFC accepting / holding public deposits, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 10% or more of the paid-up equity capital of the HFC by / to a foreign investor or any change in the shareholding of an HFC, including progressive increases over time, which would result in acquisition / transfer of shareholding of 26% or more of the paid-up equity capital of the HFC. Provided that, prior approval would not be required in case of any shareholding going beyond 10% or 26%, as applicable, due to buyback of shares / reduction in capital where it has approval of a competent court. However, the same shall be reported to the NHB not later than one month from the date of its occurrence.

Corporate Governance

In terms of the RBI Master Directions, the corporate governance norms shall be applicable to all public deposit accepting / holding HFCs and every non-public deposit accepting HFC with assets size of ₹500 million and above, as per the last audited balance sheet ("**Applicable HFCs**"). The Applicable HFCs are required to constitute audit committee, nomination and remuneration committee, asset liability management committee and a risk management committee. The audit committee must 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.

At regular intervals, as may be prescribed, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Applicable HFC must be placed before the board of directors. The Applicable HFCs are also required to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm.

Further, the RBI Master Directions provide for appointment of a chief risk officer ("**CRO**") for HFCs with an asset size of ₹5.00 million with clearly specified role and responsibilities. The CRO, who shall be a senior official in the hierarchy of an HFC and shall possess adequate professional qualification / experience in the area of risk management, is required to function independently so as to ensure highest standards of risk management.

Further, all HFCs shall ensure that a policy is put in place with the approval of the board of directors for ascertaining the 'fit and proper' criteria of the directors at the time of appointment, and on a continuing basis. The policy on the 'fit and proper' criteria shall be on the lines of the guidelines contained in the RBI Master Directions.

*Guidelines on private placement of NCDs **("Guidelines")***

A HFC can issue non-convertible debentures ("**Debentures**") for deployment of funds for creation of own assets. However, no HFC shall issue non-convertible debentures to facilitate resource requests of or utilisation by group entities/ parent company/ associates. The NCDs proposed to be issued by a HFC shall not be issued for maturities of less than 12 months from the date of the issue. Further, exercise date of option (put/call), if any, attached to the Debentures shall not fall within the period of one year from the date of issue. Further, eligible HFCs shall obtain credit rating for the for the issue of Debentures from one of the credit rating agencies, viz., the Credit Rating Information Services of India Limited or the Investment Information and Credit Rating Agency of India Limited or the Credit Analysis and Research Limited or the FITCH Ratings India Private Limited or Brickwork Ratings India Private Limited or such other agencies registered with SEBI or such other credit rating agencies as may be specified by RBI.

In terms of the Guidelines, there shall be a limit of 200 subscribers for every financial year, for issuance of Debentures with a maximum subscription of less than ₹10 million, and such subscription shall be fully secured and there shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹100 lakhs and the option to create security in favour of subscribers to Debentures will be with the issuers of such Debentures. Further, the minimum subscription per investor shall be ₹0.02 million.

The issues under the Guidelines are to be completed within a period of 30 days from the date of issue opening. The Guidelines require the offer document of the issue to be made within a maximum period of 6 months from the date of the board resolution authorising the issue and also require a board approved policy for resource planning which covers the planning horizon and the periodicity of the private placement of non-convertible debentures.

Other Borrowings

The RBI issued the Draft Commercial Paper and NCD (RBI) Directions, 2020. All companies, including HFCs are eligible issuers under these directions. The commercial papers and NCDs are required to be issued in a dematerialised form and in minimum denominations of ₹500,000. The tenor of such NCD cannot be less than ninety days or more than one year and the tenor of the commercial papers will not be less than seven days and more than a year. The directions lay down other requirements in relation to the credit rating and maturity of such NCDs.

External commercial borrowings ("**ECB**") are commercial loans raised by eligible resident entities from recognised non-resident entities in terms of the ECB Master Directions. While availing of such ECBs, HFCs are required to conform to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling set out in the ECB Master Directions.

RBI's circular dated August 25, 2021 read with Gazette notification dated June 17, 2021

The GoI, vide notification no. S.O. 2405(E) dated June 17, 2021, and in exercise of powers under Section 2(1)(m)(iv) of the SARFAESI Act, notified HFCs registered under Section 29A(5) of the NHB Act having assets worth ₹1,000 million and above as financial institutions in terms of the SARFAESI Act. Pursuant to the aforementioned the RBI, vide circular dated August 25, 2021, has withdrawn paragraph 105 of the RBI Master Directions wherein certain criteria for notification of HFCs as financial institutions had been prescribed.

*RBI Master Circular dated October 1, 2021 on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances (the "**IRACP Norms**") read with the RBI Circular dated November 12, 2021 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications ("**Prudential Norms – Clarifications 2021**")*

The IRACP Norms, read with the RBI Master Directions, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs. Further, the Prudential Norms – Clarifications 2021 further seek to ensure uniformity in the implementation of the IRACP Norms across lending institutions and prescribes detailed clarifications regarding the classification and recognition of NPAs. For further information, please refer to "Risk Factors - Any increase in the levels of non-performing assets ("NPAs"), for any reason whatsoever, would adversely affect our business, results of operations, cash flows and financial condition." on page 17.

*Master Directions – Reserve Bank of India (Priority Sector Lending)– (Targets and Classifications) Directions, 2020 (the "**PSL Master Directions**")*

The priority sector lending ("**PSL**") guidelines were enacted with a view to govern priority sector advances and loans granted by scheduled commercial banks including regional rural banks, small finance banks, local area banks and primary urban co-operative banks, other than salary earners' banks, licensed to operate in India.

The PSL Master Directions govern priority sector advances and loans granted by scheduled commercial banks (excluding regional rural banks and small finance banks) regulated by the RBI to HFCs (approved by NHB for the purpose of refinance), for on-lending for purchase, construction or reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 2 million per borrower. The eligibility under the PSL Master Directions to HFCs for on-lending is restricted to 5% of the individual bank's total PSL. The average maturity of such priority sector assets created by those who are eligible intermediaries should be co -terminus with the maturity of the bank loan.

RBI circular on Co-lending by Banks and NBFCs to Priority Sector dated November 5,2020

The RBI introduced the co-lending model to increase the affordability and outreach of capital to underserviced sections of the economy. By entering co-lending arrangements, banks and non-banking financial companies ("**NBFC**") can combine the relative advantages of the two to provide financial services.

Banks are permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs are required to retain minimum 20% share of the individual loans on their books. The bank and the NBFCs will have to maintain their own individual customer accounts but there is a requirement for the funds to be disbursed via an escrow account. The liability for the representations and warranties found in the master agreement will be ascribed to the originating NBFCs. The co-lenders will be mutually required to set up a framework for loan monitoring and recovery, grievance redressal mechanism, arrange for the creation of security and charge and ensure compliance with internal guidelines.

NHB Refinance

NHB offers refinance assistance to primary lending institutions ("PLIs") in respect of their housing loans to individuals, and also for their loans to other institutions for housing finance and construction finance for affordable housing. HFCs registered with the NHB, being a PLI, are eligible to obtain refinance under NHB's various refinance scheme from time to time. The NHB provides such refinance assistance in terms of its various refinance schemes such as the regular refinance scheme, special urban housing refinance scheme for low income households and the affordable housing fund, each of which set out certain restrictions applicable to loans provided by the HFCs in terms of their loan size, tenure, location of property and the ultimate borrower in some cases. The terms of the re-finance assistance, such as the tenure and interest rate applicable is subject to eligibility of the loans under the respective schemes. For instance, while the regular refinance scheme provides for refinance assistance in respect of housing loans extended by HFCs for, amongst others, construction and purchase of dwelling units with no restrictions on loan size, location and the ultimate borrowers of such loans, the affordable housing fund includes eligibility conditions based on the annual household income of the borrowers depending on the location of the property being in urban or rural areas, as prescribed thereunder.

Guidelines on Risk-based Internal Audit ("RBIA") System for HFCs ("**RBIA Guidelines**")

The RBIA for all deposit-taking HFCs and non-deposit taking HFCs with an asset size of ₹50,000 million and above ("Applicable HFCs"), was mandated by the RBI through its notification dated June 11, 2021 bearing reference number RBI/2021-22/53 DoS.CO. PPG.SEC/03/11.01.005/2021-22. Under the RBIA Guidelines, Applicable HFCs are required to implement the RBIA framework by June 30, 2022.

The RBIA Guidelines, inter alia, are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by the Applicable HFCs. Under the RBIA Guidelines, the board of directors of the Applicable HFC must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. It is also mandated that the policy be reviewed periodically, and that the internal audit function not to be outsourced. Further, the RBIA Guidelines also require that the risk assessment of business and other functions of Applicable HFCs should be conducted at least on an annual basis.

Refinance Scheme for Housing Finance Companies 2015, as amended (Refinance Scheme)

Pursuant to the Refinance Scheme and the clarification provided by the NHB by way of the circular NHB (ND)/ROD/HFC/Refinance Circular 1/2015-16 and the refinance booklet dated September 11, 2018 issued by NHB, HFCs registered with the NHB if they fulfil the following criteria, will be eligible to draw refinance from NHB:

a) HFC should be registered with NHB to carry out housing finance activity in the country;
b) The HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers;
c) At least 51% of the total tangible assets less cash & bank balance should be utilised for individual housing loans;
d) The HFC should have a net owned fund ("**NOF**") of not less than ₹1,000 lakhs. NOF will carry the same meaning as defined in the NHB Directions;
e) The HFC should comply with the provisions of the NHB Act and NHB Directions, as amended from time to time; and
f) The Net Non-Performing Assets **("NNPA**") of the HFC should not be more than 3.50% of the Net Advances. NPA shall carry the same meaning as defined in the NHB Directions. NNPA means 'NPA less provision'. Net Advances shall mean 'Advances less provision'. 'Advances' shall, apart from housing loans, include mortgage loans, lease transactions, hire purchase assets, bills of exchange, inter-corporate deposits and unquoted debentures;

Owing to the COVID-19 pandemic, the RBI has provided a special liquidity facility of ₹10,00,000 lakhs to the NHB in order to enable it to infuse liquidity into the housing sector through HFCs at more affordable rates and to meet the credit needs of the sector. Accordingly, the NHB has launched the Special Refinance Facility ("SRF") scheme. The objective of the scheme is to provide short term refinance support to HFCs which will partially mitigate their liquidity risk and improve the much-needed liquidity into the overall housing finance system. The total amount allocated under this scheme shall be ₹10,00,000 lakhs. A HFC would be eligible for the SRF if (i) its Max Net Non-Performing Assets should not be more than 7.5%; (ii) its ratio of individual housing loans to total assets should be a minimum of 51% as under the liberalised refinance scheme of the NHB; and (iii) the HFC should have extended moratorium to its customers and this should have adversely impacted at least 15% of the cash flows of the HFC during the period of moratorium.

In 2021, RBI again, provided a special liquidity facility of ₹10,00,000 lakhs to the NHB. Accordingly, NHB launched Special Refinance Facility-2021 ("SRF-2021") scheme. The objective of the scheme is to sustain the growth momentum, in light of recent surge of COVID-19 cases. A HFC would be eligible for SRF-2021 if (i) it availed financial assistance under Special Refinance Facility/Additional Special Refinance Facility Scheme; (ii) its Max Net Non-Performing Assets should not be more than 7.5% and (iii) its ratio of individual housing loans to total assets should be a minimum of 51% as under the liberalised refinance scheme of the NHB.
The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of an HFC. If at any time NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security as may be acceptable to NHB to cover such deficiency.

On-boarding of customers and marketing

Advertising, Marketing and Sales:

The Fair Practices Code under RBI Master Directions seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces to achieve higher operating standards and promote fair and cordial relationship between customer and HFCs, and foster confidence in the housing finance system. HFCs are required to ensure that advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process, including the amount, tenure and periodicity of repayment.

The Fair Practices Code also prescribes certain requirements applicable at the time of applications for loans, loan appraisal and disbursement of loans. For instance, HFCs are required to include in the loan application forms all necessary information so that the applicant may make a meaningful comparison with the terms offered by other HFCs, to devise a system of giving acknowledgement for receipt of all loan applications and to communicate in writing the reasons for rejection of the application.

KYC and AML:

In terms of the provisions of the PMLA and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, HFCs are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account based relationship or otherwise by monitoring their transactions. Further, the guidelines on 'Know Your Customer' & 'Anti-Money Laundering Measures' for HFCs issued by the NHB by way of its circular dated March 11, 2019 ("**NHB KYC Circular**"), were applicable on HFCs until May 19, 2020.

On May 19, 2020, RBI issued a circular wherein applicability of Master Direction – Know Your Customer (KYC) Direction, 2016 ("**KYC Direction**"), as amended was extended to HFCs and NHB KYC Circular stood repealed. The KYC Direction requires an HFC to formulate a Board approved KYC policy which is required to include four key elements (i) customer acceptance policy formulated by a HFC, which includes requirements applicable at the time of opening of the account by the customers and client due diligence requirements; (ii) risk management, which requires risk categorization of customers based on certain parameters such as identity, social/financial status, nature of business activity and information on client's business and their location; (iii) undertake customer identification procedures when, *inter alia,* commencement of an account based relationship, when there is a doubt about the authenticity or adequacy of the customer identification data, when carrying out international money transfer for non-account holder, when or when selling third party products; and (iv) customer due diligence procedures, which involves obtaining certain identification documents (such as PAN, Aadhaar number or any other officially verified document) from the individual when he establishes an account based relationship or when dealing with the individual who is the 'beneficial owner', authorised signatory or power of attorney holder related to the legal entity.

Credit Approval and Disbursement

The granting of housing loans and disbursements of such loans by HFCs is primarily governed by the directions and circulars issued by the RBI, such as the RBI Master Directions containing the Fair Practices Code and the Revised HFC Framework. In terms of the RBI Master Directions, amongst others, (i) no HFC may grant housing loans to individuals of up to ₹ 3 million with an LTV ratio exceeding 90% of between ₹ 3 million to ₹ 7.50 million with LTV ratio exceeding 80%, and above ₹ 7.50 million with LTV ratio exceeding 75%; (ii) no HFC shall lend to any single borrower an amount exceeding 15% of its owned fund, and to any single group of borrowers, an amount exceeding 25% of its owned fund. Additionally, the NHB advised that disbursement of the loans should be strictly linked to completion of various stages of construction. Further, the RBI has mandated that the HFCs should set up a well-defined mechanism for monitoring the various stages of construction and for ensuring that the consent of the borrower is taken before disbursing the said amount to the constructor / developer.

Further, the fair practices code requires HFCs to convey certain terms and conditions at the time of sanction such as the annualised interest rate, equated monthly instalments **("EMI")** structure and prepayment charges. Further, our internal credit policy lays down the requirements for various customer profiles including salaried, self-employed professionals/non-professionals and non-individual entities. The internal credit policy has also laid down clear rules for determining as to who can be an eligible applicant.

Further, in terms of the PSL Master Directions, issued by the RBI, bank loans to HFCs (approved by NHB for their refinance) for on-lending is permitted, for up to ₹ 2 million per borrowers, for purchase/construction/ reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers.

Asset classification, Provisioning and Income Recognition

COVID19 Regulatory Package - Asset Classification and Provisioning on April 17, 2020

The RBI notified the COVID19 Regulatory Package – Asset Classification and Provisioning to alleviate the burden on financial institutions that were impacted owing to the COVID – 19 pandemic.

In terms of the circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, the RBI allowed financial institutions to provide for a three month moratorium on all term loan payments falling due between March 1, 2020 and March 31, 2020. Similarly, in terms of working capital facilities such as cash credit and overdraft, the RBI permitted the recovery of interest to be deferred.

In respect of accounts which are at default but standard as on February 29, 2020, and an asset classification benefit is extended, lending institutions will be required to make general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters i.e. not less than 5 per cent for each of the quarter ended on March 31, 2020 and the quarter ended on June 30, 2020. NBFCs which are required to comply with Ind AS shall, as hitherto, continue to be guided by the guidelines duly approved by their board of directors and as per advisories issued by ICAI for recognition of their impairments.

In terms of circulars issued by the NHB, HFCs are required to comply with the provisions of Ind AS, as notified by the MCA from time to time, including the date of implementation notified by the MCA by its notification dated March 30, 2016. Accordingly, the financial reporting of financial assets, financial liabilities, provisioning and income recognition is primarily governed by Ind AS 109.

In terms of the Revised HFC Framework, HFCs shall also be required to maintain a prudential floor in respect of impairment allowances and follow instructions on regulatory capital.

However, for regulatory and supervisory purposes, including various kinds of reporting to the NHB, HFCs are required to follow the relevant provisions of NHB Act and RBI Master Directions including framework on prudential norms and other related circulars issued in this regard by the RBI from time to time. Every HFC is required to, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease or hire purchase assets, loans and advances and any other forms of credit into standard assets, sub-standard assets, doubtful assets, and loss assets. Further, every HFC is required to make provisions against sub-standard assets, doubtful assets and loss assets in accordance with provisioning requirements after taking into account the time lag between an account becoming NPA, its recognition as such, the realization of the security, and the erosion over time in the value of security charged.

The RBI Master Directions require that income recognition be based on recognized accounting principles. Amongst others, income including interest, discount or any other charges on NPA shall be recognized only when it is actually realised. Any such income recognized before the asset became NPA and remaining unrealized shall be reversed. The interest income earned on NPA accounts shall be recognised in accordance with principles laid out in the Ind AS.

Risk Management Framework

Asset Liability Management:

The RBI has, by way of its RBI Master Directions, prescribed guidelines for asset liability management system in HFCs (“**ALM Guidelines**”). In terms of the ALM Guidelines, HFCs are exposed to several major risks in the course of their business - credit risk, interest rate risk, equity/commodity price risk, liquidity risk and operational risk. In terms of the ALM guidelines, the asset liability management (“**ALM**”) process involves, amongst others, (i) ALM information systems, which includes management information systems and availability of information and accuracy, adequacy and expediency thereof; (ii) ALM organisation, which includes involvement of top level management; and (iii) identification, measurement and management of risks and having in place risk policies and tolerance levels. Further, the scope of the ALM function of the HFC includes, amongst others, liquidity risk management, management of market risks, funding and capital planning, profit planning and growth projection, forecasting and analysing ‘what if scenario’ and preparation of contingency plans.

Appointment of a Chief Risk Officer:

The RBI has mandated the appointment of a Chief Risk Officer (“**CRO**”) vide RBI Master Directions. The CRO shall be a senior official with adequate professional qualification and expertise in the area of risk management.

The office of the CRO shall be an independent office with direct reporting lines to the managing director or the chief executive officer. The CRO will be tasked with the identification, mitigation and measuring of risk with respect to the products being offered by the HFC.

Corporate Governance:

The RBI Master Directions issued, apply to every non-public deposit accepting HFC with assets size of ₹ 500 million and above, as per the last audited balance sheet, and all public deposit accepting / holding HFCs (“**Applicable HFC**”).

Applicable HFCs are required to constitute, amongst others, an audit committee, an asset liability management committee and a risk management committee. The audit committee must 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.

At regular intervals, as may be prescribed, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Applicable HFC must be placed before the board of directors. The Applicable HFCs are also required to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm. The Applicable HFCs are also required to frame internal guidelines on corporate governance standards which are also to be put up on their website for information of various stakeholders.

Recovery of dues

In the event customers do not adhere to the repayment schedule for loans provided by HFCs, the Fair Practices Code requires HFCs and its members and staff to follow the defined process provided under the applicable law during collection and security repossession. In the event, the HFC hires recovery agents for this purpose, they are required to comply with guidelines issued by the RBI in this regard by its circular dated July 14, 2008, which includes requirements such as due diligence while hiring such recovery agents, training of recovery agents and regulating the methods employed by such recovery agents.

Emergency Credit Line Guarantee Scheme

The Ministry of Finance, Government of India on May 13, 2020 announced the Emergency Credit Line Guarantee Scheme under which stressed sectors can avail themselves of debt moratoriums for up to five years.

The ECLGS provides collateral-free, additional credit at capped interest rates to firms in 26 stressed sectors identified by the KV Kamath panel. The scheme also extended the deadline of loan moratorium from December, 2020 to March, 2021. The stressed sectors identified by the panel include aviation, power, construction, steel, roads and real estate.

Under the scheme the tenor of additional credit is five years, including one-year moratorium on principal repayment available till March 31, 2021. The scheme does not have a ceiling on annual turnover, but firms were required to have credit outstanding above ₹5,000 lakhs and up to ₹50,000 lakhs as on February 29, 2020 to avail of the scheme.

SARFAESI Act:

The SARFAES1 Act, read with the Security Interest (Enforcement) Rules, 2002, as amended, governs securitization of assets in India. Any asset reconstruction company may acquire assets of a bank or financial institution, including HFCs, by either entering into an agreement with such bank or financial institution for transfer of such assets to the company or by issuing a debenture or bond or other security in the nature of debentures, for consideration, as per such terms and conditions as may be mutually agreed. If a bank or financial institution is a lender in relation to financial assets acquired by the asset reconstruction company, such company shall be deemed to be the lender in relation to those financial assets. For HFCs, SARFAESI recovery is allowed for all loans of greater than ₹ 0.10 million ticket size.

Further, the SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor, such as an HFC, can recover dues from its borrowers by taking any of the measures as provided therein, including (i) taking possession of the secured assets or (ii) taking over the management of business of borrower. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as a non-performing asset in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. However, the requirement for a secured debt to be classified as a non -performing asset shall not apply to a borrower who has raised funds through debt securities. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Further, in terms of the RBI Master Directions , HFCs are permitted to carry out securitization of standard assets and transfer of assets through direct assignment of cash flows and the underlying securities, provided that such HFCs conform to the minimum holding period and minimum retention requirement standards.

*Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("**DRT Act**")*

Under the DRT Act, the procedures for recovery of debt have been prescribed and time frames have been fixed for speedy disposal of cases. The DRT Act prescribes the rules for establishment of DRTs, procedure for making application to Debt Recovery Tribunals ("**DRTs**"), powers of DRTs and modes of recovery of debts determined by DRTs, including *inter alia* attachment and sale of movable and immovable properties of defendants, taking possession of property over which security interest is created or any other property of the defendant and appointing receiver for such property and to sell the same, arrest of defendants, defendants' detention in prison and appointment of receivers for management of the movable or immovable properties of defendants. The DRT Act also provides that a bank or public financial institution, such as an HFC, having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT. The DRT Act further clarifies that on or after the commencement of the IBC in cases where insolvency and bankruptcy proceedings re pending in respect of secured assets of the borrower, the distribution of proceeds from the sale of secured assets shall be subject to the order of priority a s provided therein.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("**ESIRDA**") which was introduced on August 16, 2016, amended the DRT Act. The amendments to the DRT Act pursuant to ESIRDA include, amongst others, (i) providing further details of procedures that tribunals need to follow in case of debt recovery proceedings; (ii) granting of power to recovery officers to take possession of the property over which security interest is created or any other property of the defendant as well asappoint a receiver and sell the same; (iii) priority being given to secured creditors in payment of debt in cases where insolvency or bankruptcy proceedings are pending in respect of secured assets of a borrower subject to theprovisions of the Insolvency and Bankruptcy Code, 2016; and (iv) depositing of 50% of the amount of debt due as determined by the DRTs, for filing an appeal against any order of the recovery officer.

RBI Master Circular on Wilful Defaulters dated July 1, 2015

In the Master Circular on 'Willful Defaulters' the term 'willful default' has been redefined, which would be deemed to have occurred if any of the following events occur: (a) Default in repayment obligations despite having capacity to honour the said obligations. (b) Default in repayment obligations and diversion of funds for other purposes, including non-utilization of funds for the specific purposes for which finance was availed. (c) Default in repayment obligations and siphoning off the funds and non-utilization of funds for the specific purposes for which finance was availed moreover when the funds are not available with the unit in the form of other assets. (d) Default in repayment obligations to a lender and disposal or removal of assets (movable, fixed or immovable) which have been given as security without the knowledge of the lender. Further, special emphasis has been added on siphoning-off of funds. Diversion and siphoning of funds includes the following situations: (i) utilization of short-term working capital funds for long-term purposes in contravention of the terms of sanction; (ii) utilization of borrowed funds for creation of assets other than those for which loan was sanctioned; (iii) Transferring of funds to subsidiaries or group companies or other corporates; (iv) routing of funds through any bank other than the lender bank or consortium without prior permission of the lender; (v) investment in other companies by acquiring equities / debt instrument without the approval of lenders; (vi) shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn without the difference being accounted for. After identification of Willful Defaulters, the guidelines mandatorily direct the lenders to adopt certain penal measures, which include the following: (a) No additional facilities will be granted by banks and financial institutions. (b) Promoters of companies that have been identified for siphoning of funds, misrepresentation of accounts and fraudulent transactions will be debarred from institutional finance for floating new ventures for a period of five years (c) Legal process (criminal and civil) will be initiated expeditiously. (d) Willful defaulters will not be allowed to take up board positions in any company and those who are on board will be removed expeditiously.

*Insolvency and Bankruptcy Code, 2016, as amended (the "**IBC**")*

The IBC empowers creditors, whether secured, unsecured, domestic, international, financial or operational, to trigger resolution processes, enables resolution processes to start at the earliest sign of financial distress, provides for a single forum to oversee insolvency and liquidation proceedings, enables a calm period where new proceedings do not derail existing ones, provides for replacement of the existing management during insolvency proceedings while maintaining the enterprise as a going concern, offers a finite time limit within which the debtor's viability can be assessed and prescribes a linear liquidation mechanism.

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.
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.

SEBI Regulations

The Securities and Exchange Board of India ("SEBI") governs listed entities pursuant to the powers granted to it under the Securities and Exchange Board of India Act, 1990, as amended from time to time. In pursuance of these powers, SEBI prescribes regulations with respect to listed entities, ensuring high standards of investor safety and corporate governance. SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended from time to time, list out the continuous disclosure obligations of a listed entity for securing transparency in process and ethical capital market dealings.

SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("***SEBI NCS Regulations***")

The Securities and Exchange Board of India, on August 9, 2021, notified the SEBI NCS Regulations, thereby merging the SEBI (Issue and Listing of Debt Securities) Regulations ("**SEBI Debt Regulations**") and the SEBI (Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("NCRPS Regulations") into a single regulation. The proposal to merge the two regulations was first introduced by way of a consultation paper released on May 19, 2021, which sought to align the extant regulations with the provisions of the Companies Act 2013, and incorporate the enhanced obligations of debenture trustees, informal guidance and provisions of circulars issued by SEBI. The SEBI NCS Regulations came in to force from the seventh day of their notification in the gazette, i.e. from August 16, 2021. The SEBI Debt Regulations and the NCRPS Regulations stand repealed from this date.

The SEBI NCS Regulations have aligned the extant regulations with the provisions of the Companies Act 2013, and incorporate the enhanced obligations of debenture trustees, informal guidance and provisions of circulars issued by SEBI. The SEBI NCS Regulations apply to: (i) the issuance and listing of debt securities and non- convertible redeemable preference shares (NCRPS) by an issuer by way of public issuance; (ii) issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed; and (iii) listing of commercial paper issued by an issuer in compliance with the guidelines framed by the RBI.

In addition to collating the existing provisions of the erstwhile regulations, the SEBI NCS Regulations, also provide for, change in disclosure requirements for financial and other information from past five years to three years; parameters for identification of risk factors; removal of restriction of four issuances in a year through a single shelf prospectus; and filing of shelf prospectus post curing of defaults.

*SEBI Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) on August 10, 2021 ("**SEBI Operational Circular**").*

Following the SEBI's notification of the SEBI NCS Regulations, to merge the SEBI Debt Regulations and the NCRPS Regulations into a single regulation, SEBI has issued the SEBI Operational Circular.

Since the notification of the SEBI Debt Regulations and the NCRPS Regulations, SEBI had issued multiple circulars covering the procedural and operational aspects of the substantive law in these regulations. Therefore, the process of merging these regulations into the SEBI NCS Regulations also entails consolidation of the related existing circulars into a single SEBI Operational Circular, in alignment with the NCS Regulations. The stipulations contained in such circulars have been detailed chapter-wise in the SEBI Operational Circular. Accordingly, the circulars listed at Annex - 1 of the SEBI Operational Circular, stand superseded by the SEBI Operational Circular.

RBI's COVID-19 related measures for HFCs

On March 27, 2020, the monetary policy committee of the RBI, in its statement, noted the adverse impact of COVID-19 and released regulatory packages on March 27, 2020 and April 17, 2020 ("**COVID Package**"). The RBI permitted all the lending institutions (including HFCs) to grant a moratorium on repayment of instalments of term loans and working capital loans falling due between March 1, 2020 to May 31, 2020 for accounts which were classified as 'standard' as on February 29, 2020. However, the interest on such instalments continued to accrue on the outstanding portion of the term loans and such accounts did not qualify for asset classification downgrade due to the moratorium. Subject to certain conditions, the HFCs were required to maintain general provisions of at least 10% of the total outstanding accounts in a phased manner until June 30, 2020 for accounts to which moratorium benefit was extended. NBFCs (including HFCs) which were required to comply with Ind AS, had to make impairment provisions as per their expected credit loss models. On May 23, 2020, the moratorium on term loans and working capital facilities was extended until August 31, 2020. The RBI also permitted the lending institutions to convert the interest deferred into a funded interest term loan repayable on or before March 31, 2021. Further, lending institutions were restricted from downgrading the accounts on which moratorium benefit was extended, on account of default in payment.

The RBI also released a Special Liquidity Scheme particularly for NBFCs and HFCs, dated July 1, 2020, whereby, subject to fulfilling eligibility criteria therein, an HFC, in order to exhaust its existing liabilities, could issue short term papers to a special purpose vehicle set up under the scheme. Additionally, the NHB launched the Special Refinance Facility Scheme dated April 29, 2020 under which an HFC can avail short term refinancing to mitigate the liquidity risk if all the eligibility conditions are complied with. The eligible amount of such facilities will be based on the assessment of the impact of the moratorium on the cash flows of the HFC/PLI during the period of the moratorium. For details, see "*Our Business*" and "*Industry Overview*" beginning on pages 89 and 66, respectively.

The RBI Resolution Framework for Covid-19 related Stress dated August 6, 2020 provides for a window to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard, subject to specified conditions. Resolution under this framework may be invoked not later than December 31, 2020 and must be implemented within 180 days from the date of invocation.

The RBI Resolution Framework for COVID -19 related Stress – Financial Parameters dated September 7, 2020 sets out the financial parameters that all lending institutions are required to consider while finalising the resolution plans in respect of eligible non-personal loan borrowers.

Lending institutions are required to consider the following financial ratios: (i) total outside liabilities / adjusted tangible net worth; (ii) total debt / EBITDA; (iii) current ratio; (iv) debt service coverage ratio; and (v) average debt service coverage ratio, in terms of this circular.

The various requirements of the Resolution Framework dated September 7, 2020 such as the mandatory requirement of an Inter- Creditor Agreement ("**ICA")**, and the maintenance of an escrow account are required to be implemented at the borrower account level. Further, the RBI has mandated that an invocation of a resolution plan cannot be treated as a substitute for the singing of an ICA.

COVID 19 – Regulatory Package

RBI, on account of the disruptions caused to businesses on account of COVID-19 and to ensure the continuity of viable businesses, has permitted all lending institutions to grant a moratorium of six months on payment of all instalments falling due between March 1, 2020 and August 31, 2020. However, the repayment schedule for such loans as also the residual tenor, will be shifted across the board. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. RBI has also clarified that for all accounts classified as standard as on February 29, 2020, even if overdue as on February 29, 2020, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past due for the purpose of asset classification under the IRAC norms. Further, HFCs will be required to make general provisions in respect of accounts that are in default but were standard as on February 29, 2020, and in respect of which the asset classification benefit has been extended. Such general provisions should be not less than 10% of the total outstanding amount in respect of such accounts, to be phased over the quarter ended March 31, 2020 (not less than 5%) and the quarter ending June 30, 2020 (not less than 5%). The aforementioned provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts However, all other provisions required to be maintained by lending institutions, including the provisions for accounts already classified as NPA as on February 29, 2020 as well as subsequent ageing in these accounts, shall continue to be made in the usual manner.

RBI circular on Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package dated April 7, 2021 ***("RBI Circular on Asset Classification")***

RBI Circular on Asset Classification gives effect to the judgement of the Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association v. Union of India and others dated March 23, 2021 and requires all lending institutions, including HFCs, to immediately put in place a board approved policy to refund/ adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e., March 1, 2020 to August 31, 2020 in conformity with the judgement. To ensure that the judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association in consultation with other industry participants/ bodies, which shall be adopted by all lending institutions. The reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, in terms of the RBI circulars on COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020.Lending institutions shall disclose the aggregate amount to be refunded/ adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021.

Further, on August 6, 2020 RBI notified the "Resolution framework for COVID-19 Related Stress" (the "**Resolution Framework 1.0**"). Pursuant to the Resolution Framework 1.0, starting September 7, 2020, all lending institutions are required to mandatorily consider certain specified key ratios while finalising the resolution plans in respect of eligible borrowers (in terms of the Resolution Framework 1.0). Additionally, on May 5, 2021 the RBI notified the "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" (the "**Resolution Framework 2.0**"), providing a window for lenders to implement resolution plans with the objective of alleviating the potential stress to individual borrowers and small businesses.

Miscellaneous

CLSS and Pradhan Mantri Awas Yojana:

The CLSS aims at expanding institutional credit flow to the housing needs of the urban poor, by providing credit-linked subsidy on home loans taken by eligible urban poor for acquisition or construction of houses. The scheme is governed by the PMAY – Housing for All (Urban) issued by the MoHUPA, GoI in March 2016. Individuals belonging to the economically weaker sections ("**EWS**") and the low income group ("**LIG**") seeking housing loans from PLIs, including banks and HFCs, are eligible to avail benefits under the scheme. EWS and LIG households are defined as households having an annual income up to ₹0.3 million, and annual income between ₹0.3 million and ₹0.6 million, respectively. NHB been nominated by the MoHUPA as a Central Nodal Agency under the CLSS, to channelize the subsidy to PLIs and to monitor the progress of the scheme and furnish utilization certificates to the MoHUPA. The CLSS has been implemented through four verticals, namely, (i) "In situ" slum redevelopment; (ii) affordable housing through credit linked subsidy; (iii) affordable housing in partnership; and (iv) subsidy for beneficiary-led individual house construction or enhancement.

Inspection:

In terms of the NHB Act, the NHB has the power to direct housing finance institutions which are companies, to furnish to the NHB and the RBI such statements, information or particulars as may be specified by the NHB. The NHB may, or on being directed to do so by the RBI shall, cause an inspection to be made of any deposit accepting HFC for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so.

Reporting:

In addition to the financial reporting requirements, such as submissions of copies of balance sheet and accounts together with the directors' report to the NHB, as prescribed under the RBI Master Directions, pursuant to the Revised HFC Framework, reporting requirements in relation to monitoring of frauds shall be governed in terms of Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

Foreign Investments in HFCs:

Foreign investment in our Company is governed primarily by the FEMA, the rules made thereunder, read with the Consolidated FDI Policy and the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended. Up to 100% foreign investment under the automatic route is currently permitted in "Other Financial Services", which refers to financial services activities regulated by financial sector regulators, including the NHB, as notified by the Government of India, subject to conditions specified by the concerned regulator (in our case, the IRDAI and the RBI), if any.

Other applicable laws:

In addition to the above, we are required to comply with the Companies Act, regulations notified by the SEBI, IRDAI, labour laws, various tax-related legislations, intellectual property related legislations and other applicable laws, in the ordinary course of our day-to-day operations.

Shops and establishments regulations 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. Our Company is 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 regulations

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.

SECTION V – FINANCIAL STATEMENTS

FINANCIAL INFORMATION

Auditors' Examination Report on the Reformatted statement of assets and liabilities as at March 31, 2021, March 31, 2020 and 2019 and notes forming part thereof and Reformatted statement of profit and loss and notes forming part thereof, Reformatted statement of cash flows, Reformatted statement of change in equity for each of the years ended March 31, 2021, March 31, 2020 and 2019 of Edelweiss Housing Finance Limited (collectively, the "Reformatted Financial Information")

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

Dear Sirs / Madams,

1. We have examined the attached Reformatted Financial Information of Edelweiss Housing Finance Limited (the "**Company**") as at March 31, 2021, March 31, 2020 and March 31, 2019 and for each of the years ended March 31, 2021, March 31,2020 and March 31, 2019 annexed to this report and prepared by the Company for the purpose of inclusion in the offer documents in connection with Company's proposed issue of Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each ("**NCDs**"). The Reformatted Financial Information, which have been approved by the Operations Committee of the Company in its meeting held on December 31, 2021, have been prepared by the Company in accordance with the requirements of:

   a) section 26 of Chapter III of The Companies Act, 2013, as amended (the "**Act**"); and

   b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, (the "**Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "**SEBI Act**") and read along with the SEBI circular SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021.

Management's Responsibility for the Reformatted Financial Information

2. The preparation of Reformatted Financial Information is based on audited Ind AS financial statements of the Company prepared in accordance with the Indian Accounting Standard (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, is the responsibility of the Management of the Company for the purpose set out in paragraph 16 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls 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 Act and the Regulations.

Auditors' Responsibilities

3. We have examined such Reformatted Financial Information taking into consideration:

   a) the terms of reference and our engagement agreed with you vide engagement letter dated December 2, 2021, requesting us to carry out work on such Reformatted Financial Information of the Company in connection with the Company's proposed issue of NCDs;

   b) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (the "**Guidance Note**"); and

B - 46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.
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c) the requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Issue of NCDs.

4. The Company proposes to make an offer which comprises an issue of NCDs by the Company, as decided by the Board of Directors of the Company.

Reformatted Financial Information

5. The Reformatted Financial Information have been compiled by the management from the audited Ind AS financial statements of the Company as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, which have been approved by the Board of Directors at their meetings held on June 4, 2021, July 3, 2020 and May 13, 2019 respectively;

6. The financial statements as at and for the years ended March 31, 2021, 2020 and 2019 have been audited by M/s. S.R. BATLIBOI & CO. LLP (the "**Erstwhile Auditors**") of the Company. For the purpose of our examination, we have relied on Auditor's report issued by the Erstwhile Auditors dated June 4, 2021, July 3, 2020 and May 13, 2019, on the financial statements of the Company as at and for each the years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively, as referred in Paragraph 5 above.

7. The auditor's report dated June 4, 2021 issued by the Erstwhile Auditors on the Audited Ind AS Financial Statement as at and for the year ended March 31, 2021, included:

   Emphasis of matter

   - We draw attention to note 46.1.(j) to the Financial Statement, which describe the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics assets including the Company's estimates of impairment of loans to customer's and Investments which are highly dependent on uncertain future developments. Our Opinion is not modified in respect of this matter.

   The auditor's report dated July 3, 2020 issued by the Erstwhile Auditors on the Audited Ind AS Financial Statement as at and for the year ended March 31, 2020, included:

   Emphasis of matter

   - We draw attention to note 6.1 to the Financial Statement, which describe the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics assets including the Company's estimates of impairment of loans to customer's and Investments which are highly dependent on uncertain future developments. Our Opinion is not modified in respect of this matter.

   The auditor's report issued by the Erstwhile Auditors dated May 13, 2019 on the Audited Ind AS Financial Statement as at and for the year ended March 31, 2019, included:

   Other Matter

   - The comparative Financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017, included in these standalone Ind AS Financial Statements, are based on the previously issued statutory financial statements' prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules 2006 (as amended) specified under section 133 of The Act, read with the Companies (Accounts) Rules, 2014 audited by predecessor auditor whose report for the years ended March 31, 2018 and March 31, 2017 dated May 02, 2018 and May 16, 2017 respectively expressed an unmodified opinion on those statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

8. Reformatted Financial Information

We have not audited the financial statements as at and for the years ended March 31, 2021, 2020 and 2019. For the purpose of our examination, we have relied on the auditor's reports for the years ended March 31, 2021, 2020 and 2019 dated June 4, 2021, July 3, 2020 and May 13, 2019 respectively, issued by the Erstwhile Auditors of the Company. We have not carried out any audit tests or review procedures, and accordingly reliance has been placed solely on the audited Ind AS financial statements audited by the Erstwhile Auditors for the said years. These audited Ind AS financial statements as at and for the years ended March 31, 2021, 2020 and 2019 form the basis of the Reformatted Financial Information.

9. Taking into consideration the requirements of Section 26 of Part I of Chapter III of the Act, the Regulations and the terms of our engagement agreed with you, we further report that:

a) the Reformatted Financial Information of the Company as at and for each of the years ended March 31, 2021, March 31, 2020 and 2019 have been examined by us, as set out in Annexure I to Annexure IV to this examination report. These Reformatted Financial Information have been prepared after regrouping, which is more fully described in Significant Accounting policies and notes (Refer Annexure V).

b) based on our examination as above,

I. the Reformatted Financial Information have to be read in conjunction with the notes given in Annexure V; and

II. the figures of earlier period have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Financial Information as at and for the year ended March 31, 2021.

Other Financial Information

10. At the Company's request, we have also examined the following financial information proposed to be included in the Draft Prospectus and the Prospectus prepared by the Management and approved by the Operations Committee of the Company and annexed to this report relating to the Company, as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019:

- Statement of dividend paid, enclosed as Annexure VI

Opinion

11. Based on our examination and according to the information and explanations given to us and also based on the reliance placed on the reports of the Erstwhile Auditors and the financial statements and other financial information certified by the Management read with our responsibility paragraph 3 along with paragraph 4 to paragraph 8, in our opinion, the Reformatted Financial Information and the other information referred to in paragraph 8 above, as disclosed in the Annexure to this report, read with respective significant accounting policies disclosed in Annexure V, and after making regrouping as considered appropriate and disclosed, in all material aspect, has been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act and the Regulations as disclosed in paragraph 1 above.

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Other matter

12. We have not audited or reviewed any financial statements of the Company as of or for the years ended March 31, 2021, 2020 and 2019 and for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, profit and loss or cash flows of the Company as of and for the years March 31, 2021, March 31, 2020 and March 31, 2019 or for any date or for any period subsequent to March 31, 2021.

13. In the preparation and presentation of Reformatted Financial Information based on Audited Ind AS Financial Statements as referred to in paragraph 6 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 6 above.

14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

15. This report should not in any way be construed as a reissuance or re-dating of any of the Auditor's reports issued by the Erstwhile Auditors for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

16. This report is intended solely for use of the management for inclusion in the Draft Prospectus and the Prospectus to be filed with Registrar of Companies, Maharashtra at Mumbai, SEBI and the stock exchanges in connection with the proposed Issue of NCDs by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For NGS & Co. LLP
Chartered Accountants
ICAI Firm registration number: 119850W

Sd/-
R.P. Soni
Partner
Membership No. 104796

UDIN: 21104796AAAEAA2249

Place: Mumbai
Date: December 31, 2021

Edelweiss Housing Finance Limited
Reformatted Statement of Assets and Liabilities **Annexure I**
(Currency : Indian rupees in millions)

	Note	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
ASSETS				
Financial assets				
Cash and cash equivalents	6	**9,455.81**	4,929.16	593.60
Bank balances other than cash and cash equivalents	7	**835.30**	739.32	80.22
Securities held for trading	8	**155.83**	-	-
Trade receivables	9	**104.02**	58.46	8.49
Loans	10	**35,958.59**	43,200.62	53,599.01
Investments	11	**1,600.86**	1,044.73	-
Other financial assets	12	**916.75**	244.92	62.86
		49,027.16	50,217.21	54,344.18
Non-financial assets				
Current tax assets (net)	13	**21.86**	7.38	46.66
Deferred tax assets (net)	14	**-**	21.25	-
Property, plant and equipment	15	**118.28**	203.83	60.99
Capital work in progress		**-**	-	11.58
Intangible assets under development		**7.10**	1.45	-
Other intangible assets	16	**2.27**	3.46	5.33
Other non- financial assets	17	**134.33**	53.68	48.41
		283.84	291.05	172.97
TOTAL ASSETS		**49,311.00**	50,508.26	54,517.15
LIABILITIES				
Financial liabilities				
Trade payables	18	**72.28**	85.37	224.26
Debt securities	19	**11,676.75**	10,091.57	12,582.50
Borrowings (other than debt securities)	20	**22,628.38**	27,992.02	31,634.95
Subordinated liabilities	21	**508.61**	508.61	508.48
Other financial liabilities	22	**6,373.14**	3,948.80	1,419.30
		41,259.16	42,626.37	46,369.49
Non-financial liabilities				
Current tax liabilities (net)	23	**16.90**	106.03	188.12
Provisions	24	**37.62**	25.34	21.95
Deferred tax liabilities (net)	14	**9.18**	-	106.51
Other non-financial liabilities	25	**360.26**	59.78	142.13
		423.96	191.15	458.71
Equity				
Equity share capital	26	**693.50**	693.50	693.50
Other equity	27	**6,934.38**	6,997.24	6,995.45
		7,627.88	7,690.74	7,688.95
TOTAL LIABILITIES AND EQUITY		**49,311.00**	50,508.26	54,517.15

The accompanying notes are an integral part of the reformatted financial information.

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

For and on behalf of the Board of Directors
For Edelweiss Housing Finance Limited

Sd/-
per R.P. Soni
Partner
Membership No. 104796

Sd/-
Rajat Avasthi
MD & CEO
DIN:07969623

Sd/-
Shilpa Gattani
Director
DIN:05124763

Sd/-
Vinay Tripathi
Company Secretary
Membership No. A18976

Place : Mumbai
Date: December 31, 2021

Edelweiss Housing Finance Limited
Reformatted Statement of Profit and Loss **Annexure II**
(Currency : Indian rupees in millions)

	Note	**For the year ended March 31, 2021**	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations				
Interest income	28	**5,026.66**	5,654.40	6,157.80
Dividend income		**1.80**	-	-
Fee and commission income	29	**341.46**	357.15	424.55
Net gain on fair value changes	30	**117.25**	39.67	70.24
Total Revenue from operations		**5,487.17**	6,051.22	6,652.59
Other income	31	**23.37**	22.68	6.36
Total Revenue		**5,510.54**	6,073.90	6,658.95
Expenses				
Finance costs	32	**3,892.83**	4,193.35	3,921.57
Impairment on financial instruments	33	**511.40**	407.06	121.33
Employee benefits expense	34	**558.02**	690.71	768.04
Depreciation, amortisation and impairment	15 & 16	**56.40**	78.88	39.82
Other expenses	35	**572.61**	720.27	831.53
Total expenses		**5,591.26**	6,090.27	5,682.29
Profit / (Loss) before tax		**(80.72)**	(16.37)	976.64
Tax expenses:				
Current tax	36.1 & 36.2	**(51.25)**	88.66	276.08
(1) Current tax		**39.21**	99.23	247.99
(2) Short / (Excess) provision for earlier years		**(90.46)**	(10.57)	28.09
Deferred tax	36.3	**(66.76)**	(120.58)	75.97
(1) MAT credit entitlement		**-**	19.82	(19.82)
(2) Deferred tax (net)		**(66.76)**	(140.40)	95.79
Profit for the year		**37.29**	15.55	624.59
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurement gain / (loss) on defined benefit plans	40	**(2.95)**	(1.44)	(2.13)
Less: Income tax relating to items that will not be reclassified to profit or loss	36.3	**0.74**	0.36	0.75
Other Comprehensive Income / (loss)		**(2.21)**	(1.08)	(1.38)
Total Comprehensive Income		**35.08**	14.47	623.21
Earnings per equity share (Face value of Rs. 10 each):				
(a) Basic	38	**0.54**	0.22	10.28
(b) Diluted		**0.54**	0.22	10.28

The accompanying notes are an integral part of the reformatted financial information.

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

For and on behalf of the Board of Directors
For Edelweiss Housing Finance Limited

Sd/-
per R.P. Soni
Partner
Membership No. 104796

Sd/-
Rajat Avasthi
MD & CEO
DIN:07969623

Sd/-
Shilpa Gattani
Director
DIN:05124763

Sd/-
Vinay Tripathi
Company Secretary
Membership No. A18976

Place : Mumbai
Date: December 31, 2021

Edelweiss Housing Finance Limited
Reformatted Statement of Cash flows **Annexure III**
(Currency : Indian rupees in millions)

		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
A	**Cash flow from operating activities**			
	Profit/(Loss) before tax	**(80.72)**	(16.37)	976.64
	Adjustments for			
	Depreciation, amortisation and impairment	**56.40**	78.88	39.82
	Impairment on financial instruments	**511.40**	407.06	121.33
	Interest on lease liabilities	**14.88**	18.78	-
	Loss /(Gain) on sale of fixed assets	**7.76**	0.59	(0.24)
	Operating cash flow before working capital changes	**509.72**	488.94	1,143.13
	Add / (Less): Adjustments for working capital changes			
	Decrease/(Increase) in Receivables	**(45.56)**	(49.97)	150.88
	Decrease/(Increase) in Stock in trade	**(155.83)**	-	-
	Decrease/(Increase) in Receivables from financing business (net)	**6,730.63**	9,991.33	(9,139.15)
	Decrease/(Increase) in Other financial assets	**(767.81)**	(841.16)	30.03
	Decrease/(Increase) in Investments	**(556.13)**	(1,044.73)	-
	Decrease/(Increase) in Other non financial assets	**(80.65)**	(5.27)	46.57
	Increase / (Decrease) in Trade payables	**(13.09)**	(138.89)	(9.82)
	Increase / (Decrease) in Non financial liabilities and provisions	**309.80**	(80.04)	2.03
	Increase / (Decrease) in Other financial liability	**2,236.37**	2,373.10	(1,190.93)
	Cash flow from operations	**8,167.45**	10,693.32	(8,967.25)
	Income taxes paid	**(52.36)**	(131.84)	(183.99)
	Net cash generated from / (used in) operating activities -A	**8,115.09**	10,561.48	(9,151.24)
B	**Cash flow from investing activities**			
	Purchase of Property, plant and equipment and Intangible assets	**(23.70)**	(44.30)	(51.71)
	Decrease/(Increase) in Capital Work-in-progress and Intangibles under development	**(5.65)**	10.13	(10.72)
	Sale of Property, plant and equipment	**46.28**	2.90	1.85
	Net cash generated from / (used in) investing activities - B	**16.93**	(31.27)	(60.58)
C	**Cash flow from financing activities**			
	Proceeds from issuance of Share capital (including securities premium)	**-**	-	1,500.00
	Increase / (Decrease) in Debt securities [1]	**1,793.02**	(2,568.86)	(35.00)
	Increase / (Decrease) in Borrowings other than debt securities [1]	**(5,360.01)**	(3,573.68)	4,192.31
	Repayment of lease obligations	**(38.38)**	(52.11)	-
	Net cash generated from / used in financing activities - C	**(3,605.37)**	(6,194.65)	5,657.31
	Net increase in cash and cash equivalents (A+B+C)	**4,526.65**	4,335.56	(3,554.51)
	Cash and cash equivalent as at the beginning of the year (refer note 6)	**4,929.16**	593.60	4,148.12
	Cash and cash equivalent as at the end of the year (refer note 6)	**9,455.81**	4,929.16	593.60
	Operational cash flows from interest			
	Interest paid	**3,709.48**	4,002.86	3,822.80
	Interest received	**4,259.83**	5,282.27	5,123.32

Notes:

1. Cash receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.

2. For disclosure relating to changes in liabilities arising from financing activities, refer note 37

3. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.

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

For and on behalf of the Board of Directors
For Edelweiss Housing Finance Limited

Sd/-
per R.P. Soni
Partner
Membership No. 104796

Sd/-
Rajat Avasthi
MD & CEO
DIN:07969623

Sd/-
Shilpa Gattani
Director
DIN:05124763

Sd/-
Vinay Tripathi
Company Secretary
Membership No. A18976

Place : Mumbai
Date: December 31, 2021

Edelweiss Housing Finance Limited

Reformatted Statement of Changes in Equity **Annexure IV**

(Currency : Indian rupees in millions)

(a) Equity share capital

	Outstanding as on April 01, 2018	Issued during the year	Outstanding as on March 31, 2019	Issued during the year	Outstanding as on March 31, 2020	Issued during the year	Outstanding as on March 31, 2021
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	543.50	150.00	693.50	0.00	693.50	0.00	693.50
	543.50	**150.00**	**693.50**	**0.00**	**693.50**	**0.00**	**693.50**

(b) Other Equity

	Securities Premium Account	Deemed capital contribution - Equity shares	Reserve under section 29C of the National Housing Bank Act, 1987	Debenture redemption reserve	Retained earnings	Impairment Reserve	Total
Balance at April 01, 2018	**2,725.18**	**33.46**	**412.30**	**295.37**	**1,619.38**	**-**	**5,085.69**
Profit or loss	-	-	-	-	624.59	-	624.59
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	(1.38)	-	(1.38)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**623.21**	**-**	**623.21**
Issue of equity instruments	1,350.00	-	-	-	-	-	1,350.00
ESOP during the year	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Transactions with shareholders in their capacity as such							-
Transfers to / from retained earnings	-	-	124.92	173.88	(298.80)	-	-
Income tax charge on ESOP	-	-	-	-	(63.45)	-	(63.45)
Balance at March 31, 2019	**4,075.18**	**33.46**	**537.22**	**469.25**	**1,880.34**	**-**	**6,995.45**
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	(12.68)	-	(12.68)
Profit or loss	-	-	-	-	15.55	-	15.55
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	(1.08)	-	(1.08)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**14.47**	**-**	**14.47**
Transfers to / from retained earnings	-	-	3.12	-	(3.12)	-	-
Balance at March 31, 2020	**4,075.18**	**33.46**	**540.34**	**469.25**	**1,879.01**	**-**	**6,997.24**
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	-	-	-
Profit or loss	-	-	-	-	37.29	-	37.29
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	(2.21)	-	(2.21)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**35.08**	**-**	**35.08**
Deferred tax liability created on opening Reserve under section 29C of the National Housing Bank Act, 1987	-	-	-	-	(97.94)	-	(97.94)
Transfers to / from retained earnings	-	-	7.46	(127.93)	120.47	-	(0.00)
Balance at March 31, 2021	**4,075.18**	**33.46**	**547.80**	**341.32**	**1,936.62**	**-**	**6,934.38**

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

For and on behalf of the Board of Directors
For Edelweiss Housing Finance Limited

Sd/-
per R.P. Soni
Partner
Membership No. 104796

Sd/-
Rajat Avasthi
MD & CEO
DIN:07969623

Sd/-
Shilpa Gattani
Director
DIN:05124763

Sd/-
Vinay Tripathi
Company Secretary
Membership No. A18976

Place : Mumbai
Date: December 31, 2021

1. **Corporate Information:**

Edelweiss Housing Finance Limited ('EHFL' or 'the Company') is a public limited company domiciled and incorporated on May 30, 2008 under the provisions of the Companies Act applicable in India. The Company is subsidiary of Edelweiss Rural & Corporate Services Limited. The Company is registered as Housing finance institution (without accepting public deposit) with the National Housing Bank (NHB) under section 29A of the NHB Act, 1987, registration no. is 03.0081.10.

The Company's primary business is providing loan to Retail customers for construction or purchase of residential property, loan against property and loans to real estate developers.

2. **Basis of preparation of reformatted financial information for the year ended 31 March 2021, 31 March 2020 and 31 March 2019:**

The Reformatted Statement of Assets and Liabilities of the Company as at 31 March 2021, 31 March 2020 and 31 March 2019 and the Reformatted Statement of Profit and Loss and the Reformatted Statement of Cash flows and the Reformatted Statement of Change in equity and the Summary of Significant Accounting policies and explanatory notes for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 (together referred as 'Reformatted Financial Information') have been extracted from the Audited Ind AS Financial Statements of the Company for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 ("Audited Ind AS Financial Statements").

The reformatted Ind AS financial information have been prepared by the management in connection with the proposed issue and listing of secured redeemable non-convertible debentures of the Company of face value Rs. 1,000, as approved by the Operations Committee of the Company in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013; and

b) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('the Regulations') issued by the Securities Exchange Board of India ("SEBI") as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act").

The Audited Ind AS Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). These Reformatted Standalone Financial Information have been approved by the Operations Committee of the Company in their meeting held on 31 December 2021.

These Audited Ind AS Financial Statements have been prepared on a historical cost basis, except for certain financial instruments such as, derivative financial instruments, and other financial instruments held for trading, which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

2.1 Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in "Note 41-Maturity Analysis of assets and liabilities".

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and or its counterparties

3. Significant accounting policies

3.1 Recognition of Interest income and Dividend income

3.1.1 Effective Interest Rate (EIR):

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate a shorter period to the gross carrying amount of financial instrument.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle including prepayments penalty interest and charges.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income.

3.1.2 Interest Income:

The company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as ‘Stage 3’, the Company calculates interest income by applying the EIR to the amortised cost (net of expected credit loss) of the financial asset. If the financial assets cure and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Penal interest income on delayed EMI or pre EMI is recognised on receipt basis.

3.1.3 Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Company will collect the consideration.

3.1.4 Dividend Income

Dividend income is recognised when the Company’s right to receive dividend is established by the reporting date.

3.1.5. Other Income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. Other ancillary charges are recognized upon realisation.

3.2 Financial Instruments:

3.2.1 Date of recognition:

Financial assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers’ account. The Company recognises borrowings when funds are available for utilisation to the Company.

3.2.2 Initial measurement of financial instruments:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.2.3 Classification and Measurement categories of financial assets and liabilities:

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income [FVOCI)
- Fair value through profit or loss [FVTPL]

The Company measures debt financial assets that meet the following conditions at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in carrying value of financial assets is recognised in profit and loss account.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. The Company measures all financial assets classified as FVTPL at fair value at each reporting date. The changes in fair value of financial assets is recognised in Profit and loss account.

3.3 Financial Assets and Liabilities:

3.3.1 Financial assets held for trading:

The Company classifies financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes.

3.3.2 Debt securities and other borrowed funds:

The Company measures debt issued and other borrowed funds at Amorised cost at each reporting date. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

3.3.3 Financial Guarantee:

Financial guarantees are contract that requires the Company to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

3.3.4 Loan Commitments:

Undrawn loan commitments are commitments under which, the Company is required to provide a loan with pre-specified terms to the customer over the duration of the commitment. Undrawn loan commitments are in the scope of the ECL requirements.

3.4 Reclassification of Financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. The Company didn’t reclassify any of its financial assets or liabilities in current year and previous year.

3.5 Derecognition of financial Instruments:

3.5.1 Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive contractual cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either

- The Company has transferred the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumed a contractual obligation to pay the cash flows in full without material delay to third party under pass through arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The Company also derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.5.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised statement of profit or loss.

3.6 Impairment of financial assets:

The Company records provisions based on expected credit loss model ("ECL") on all loans, other financial assets not measured at FVTPL together with undrawn loan commitment and financial guarantee contracts, in this section all referred to as "Financial instrument". Equity instruments are not subject to impairment.

ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. Because ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables. However, if receivables contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

General Approach

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (12m ECL). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default (EAD), for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Company categories its financial assets as follows:

Stage 1 Assets:
Stage 1 assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 2 Assets:
Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition For these assets lifetime ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 3 Assets:
Stage 3 for Assets considered credit-impaired the Company recognises the lifetime ECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset.

The Company's product offering includes a working capital facilities with a right to Company to cancel and/or reduce the facilities with one day's notice. The Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

3.7 Collateral Valuation:

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit /guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Company's balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, securities relating to margin requirements, is valued daily.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market value are valued using models.

3.8 Collateral Repossessed:

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Company's policy.

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

3.9 Write-Offs:

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.

3.10 Forborne and modified loan:

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset, until it is collected or written off.

3.11 Determination of Fair Value:

The Company measures financial instruments, such as, derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments:
Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments:
Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 financial instruments:
Those that include one or more unobservable input that is significant to the measurement as whole.
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3.12 Leases:

Company as a lessee:

The Company has applied Ind AS 116 using the partial retrospective approach.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

3.13 Earnings Per Share:

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 for 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 weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

3.14 Retirement and other employee benefit:

3.14.1 Provident fund and national pension scheme:

The Company contributes to a recognised provident fund and national pension scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

3.14.2 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 independent actuarial valuation using the Projected Unit Credit Method.

Re-measurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurement are not reclassified to profit or loss in subsequent periods.

3.14.3 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 in the statement of profit and loss and corresponding liability on such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits is determined using the projected unit credit method.

3.14.4 Equity-settled share-based payments and Stock Appreciation Rights (SARs):

Equity-settled share-based payments to employees are granted by the ultimate parent Company. These are measured by reference to the fair value of the equity instruments at the grant date. These includes Stock Appreciation Rights (SARs) where the right to receive the difference between the SAR price and the market price of equity shares of the ultimate parent Company on the date of exercise, either by way of cash or issuance of equity shares of the ultimate parent Company, is at the discretion of the ultimate parent Company. These are classified as equity settled share based transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the ’ESOP reserve’. In cases where the share options granted vest in instalments over the vesting period, the Group treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

3.15 Property, plant and equipment:

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. 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 II for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Nature of assets	Estimated useful lives
Furniture and fixtures	10 years
Vehicles	8 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

Leasehold improvements are amortised on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.16 Intangible Assets:

Intangible 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 based on its estimated useful life.

3.17 Impairment of non-financial 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. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to 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 statement of profit and loss. 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 assets is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

3.18 Provisions and other contingent liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

3.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

3.20 Income tax expenses:

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.20.1 Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.20.2 Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.20.3 Current and Deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. Significant accounting judgements, estimates and assumptions:

The preparation of these financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are included are given below:

4.1 Business model assessment:

The Company determines the business model at a level that reflects how the financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

4.2 Significant increase in credit risk:

As explained in note 46.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 46.1 for more details.

4.3 Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.4 Fair value of financial instruments:

The Fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions based on market conditions existing at the end of each reporting period. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk, funding value adjustments, correlation and volatility.

4.5 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, as explained in Note 3.1.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instrument, as well expected changes India's base rate and other fee income, expenses that are integral part of the instrument

4.6 Impairment of Financial assets:

The impairment provisions for the financial assets except assets valued at fair value through Profit & Loss account (FVTPL) are based on assumptions about estimation of the amount and timing of future cash flows, collateral values, assessment of a significant increase in credit risk, probability of default (PD) and Loss given default (LGD) rates. The Company uses judgements in making these assumptions and selecting the inputs for impairment calculations based on its past history, existing market conditions and forward looking estimates at the end of each period. These estimates are driven by number of factors, change in which can result in different level of allowance.

The Company's expected credit loss (ECL) calculations are output of complex model with number of underlying assumptions regarding choice of variable inputs and their interdependencies Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades based on ageing.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.

- The segmentation of financial assets when their ECL is assessed on a collective basis.

- Development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.7 Impairment of Non-Financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exist, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4.8 Provisions and contingent liabilities:

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of its business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

4.9 Provisions for Income Taxes:
Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

4.10 Leases:

Significant judgements are involved in evaluating if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company also uses significant judgement in assessing the applicable discount rate which is an equivalent to incremental borrowing rate estimated on best effort basis.

5. Standards issued but not yet effective:

There are no new standard or amendment issued but not effective.

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
6	**Cash and cash equivalents**			
	Cash on hand	-	0.03	0.08
	Balance with banks			
	- in current accounts	**1,972.39**	745.37	593.52
	- in fixed deposits with original maturity less than three months	**7,483.42**	4,183.76	-
		9,455.81	4,929.16	593.60
7	**Bank balances other than cash and cash equivalents**			
	Fixed deposits with original maturity more than 12 months	**598.51**	600.21	11.89
	Fixed deposits with original maturity more than three months and less than 12 months	**236.79**	139.11	68.33
		835.30	739.32	80.22
7.A	**Encumbrances on fixed deposits with bank held by the Company**			
	Given as credit enhancements towards securitisation/ assignment	**762.40**	566.16	16.22
	Given as margin against the bank guarantee issued in favour of BSE Limited towards public issuance of non convertible debentures	**25.62**	25.17	22.76

8	**Securities held for trading**	**As at March 31, 2021**			As at March 31, 2020			As at March 31, 2019		
	At fair value through profit and loss account	**Face value**	**Quantity**	**Amount**	Face value	Quantity	Amount	Face value	Quantity	Amount
	Debt Securities									
	0.00% Edelweiss Rural & Corporate Services Limited 15.07.2021 Bonds	**10,00,000**	**72**	**90.11**	-	-	-	-	-	-
	Total Debt securities (A)			**90.11**			-	-	-	-
	Equity instruments									
	Indian Railway Finance Corporation Limited	**10**	**17,09,857**	**39.15**	-	-	-	-	-	-
	MTAR Technologies Ltd	**10**	**4,595**	**4.70**	-	-	-	-	-	-
	Laxmi Organic Industries Ltd	**2**	**1,05,597**	**18.43**	-	-	-	-	-	-
	Nazara Technologies Ltd	**4**	**2,345**	**3.44**	-	-	-	-	-	-
	Total equity instruments (B)			**65.72**						
	Total (A+B)			**155.83**			-			-

Notes: Please refer note 47.2 Fair Value measurement for valuation methodologies for securities held for trading.

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
9	**Trade receivables**			
	Receivables considered good - non-related party	**77.41**	47.35	1.57
	Receivables considered good - related party - (Refer note 43)	**30.70**	11.11	6.92
	Receivables which have significant increase in credit risk	**0.10**	0.26	0.07
		108.21	58.72	8.56
	Less : Allowance for expected credit losses	**(4.19)**	(0.26)	(0.07)
		104.02	58.46	8.49
		104.02	58.46	8.49

Reconciliation of impairment allowance on trade receivables:	**For the year ended March 31, 2021**	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment allowance measured as per simplified approach			
Impairment allowance - Opening Balance	**(0.26)**	(0.07)	-
Add/ (less): asset originated or acquired (net)	**(3.93)**	(0.19)	(0.07)
Impairment allowance - Closing Balance	**(4.19)**	(0.26)	(0.07)

Note: For disclosure relating to trade receivable ageing/ provision matrix, refer note 48

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
10	**Loans (at amortised cost)**			
	A. Term Loans			
	(i) Housing Loans	**22,001.66**	26,433.69	31,884.46
	(ii) Non Housing Loans	**14,451.92**	17,176.70	22,077.48
	Total (A) - Gross	**36,453.58**	43,610.39	53,961.94
	Less: Impairment loss allowance	**(494.99)**	(409.77)	(362.93)
	Total (A) - Net	**35,958.59**	43,200.62	53,599.01
	B. Term Loans			
	(i) Secured by tangible assets (Refer note 46.1.2)	**34,937.09**	43,580.99	53,886.00
	(ii) Unsecured	**1,516.49**	29.40	75.94
	Total (B) - Gross	**36,453.58**	43,610.39	53,961.94
	Less: Impairment loss allowance	**(494.99)**	(409.77)	(362.93)
	Total (B) - Net	**35,958.59**	43,200.62	53,599.01
	C. Term Loans			
	C.I Loans in India			
	(i) Public Sectors	**-**	-	-
	(ii) Others	**36,453.58**	43,610.39	53,961.94
	Total (C.I) - Gross	**36,453.58**	43,610.39	53,961.94
	Less: Impairment loss allowance	**(494.99)**	(409.77)	(362.93)
	Total (C.I) - Net	**35,958.59**	43,200.62	53,599.01
	C.II Loans outside India	**-**	-	-
	Less: Impairment loss allowance	**-**	-	-
	Total (C.II) - Net	**-**	-	-
	Total: (C I and C II)	**35,958.59**	43,200.62	53,599.01

Notes:

(i) The non-housing loan referred in note 10(A)(i) includes an amount of Rs. 710.08 million (FY 2019-20 includes Rs. 755.03 million, FY 2018-19 Rs. 830.93 million) being mortgage credit insurance premium payable by the obligor on housing loan.

(ii) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (FY 2019-20 Nil, FY 2018-19 Nil).

(Currency : Indian rupees in millions)

10.1. Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 46.1 and policies on ECL allowances are set out in Note 3.6.

(a) Gross carrying amount of loan assets allocated to Stage 1, Stage 2 and Stage 3

	As at March 31, 2021				As at March 31, 2020				As at March 31, 2019			
Particulars	**Stage I**	**Stage II**	**Stage III**	**Total**	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Loans (at amortised cost)												
Performing												
High grade	**30,886.26**	**-**	**-**	**30,886.26**	39,941.18	-	-	39,941.18	51,158.39	-	-	51,158.39
Standard grade	**-**	**4,291.50**	**-**	**4,291.50**	-	2,908.64	-	2,908.64	-	1,820.64		1,820.64
Non-performing												
Impaired	**-**	**-**	**1,275.82**	**1,275.82**	-	-	760.57	760.57	-	-	982.91	982.91
Total	**30,886.26**	**4,291.50**	**1,275.82**	**36,453.58**	39,941.18	2,908.64	760.57	43,610.39	51,158.39	1,820.64	982.91	53,961.94

(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to loan assets are, as follows:

For the year ended March 31, 2021	**Non-credit impaired**				**Credit impaired**		**Total**	
	Stage I		**Stage II**		**Stage III**			
Particulars	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**
Opening Balance	39,941.18	56.36	2,908.64	237.64	760.57	110.41	43,610.39	404.40
Transfers:								
Transfers to 12 Month ECL (Stage 1)	412.66	30.53	(376.24)	(26.57)	(36.42)	(3.96)	-	-
Transfers to lifetime ECL (Stage 2)	(2,965.61)	(6.65)	2,975.06	7.70	(9.45)	(1.05)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(884.55)	(2.05)	(1,236.14)	(113.35)	2,120.69	115.40	-	-
Net remeasurement of ECL arising from transfer of stage	-	(6.74)	-	184.87	-	34.90	-	213.03
Net new and further lending/ (repayments)	(5,611.41)	10.84	21.07	(10.31)	5.95	36.80	(5,584.39)	37.33
Amounts written off	(5.94)	(0.01)	(0.88)	(0.56)	(56.15)	(33.39)	(62.97)	(33.96)
Loans sold to assets resconstruction company*	-	-	-	-	(1,509.43)	(128.75)	(1,509.43)	(128.75)
Closing balance	**30,886.33**	**82.28**	**4,291.51**	**279.42**	**1,275.76**	**130.36**	**36,453.60**	**492.05**
For the year ended March 31, 2020								
Opening Balance	**51,158.39**	**117.97**	**1,820.64**	**102.30**	**982.91**	**139.02**	**53,961.94**	**359.28**
Transfers:								
Transfers to 12 Month ECL (Stage 1)	239.98	18.36	(225.03)	(16.84)	(14.95)	(1.52)	-	-
Transfers to lifetime ECL (Stage 2)	(1,970.67)	(11.43)	1,984.21	12.79	(13.54)	(1.36)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(986.57)	(6.46)	(507.63)	(27.78)	1,494.20	34.24	-	-
Net remeasurement of ECL arising from transfer of stage		(17.62)		140.77		49.64	-	172.79
Net new and further lending/ (repayments)	(8,499.76)	(44.40)	(162.78)	26.99	(7.43)	7.22	(8,669.97)	(10.19)
Amounts written off	(0.19)	(0.06)	(0.77)	(0.59)	(41.80)	(39.98)	(42.76)	(40.63)
Loans sold to assets resconstruction company	-	-	-	-	(1,638.82)	(76.85)	(1,638.82)	(76.85)
Closing balance	**39,941.18**	**56.36**	**2,908.64**	**237.64**	**760.57**	**110.41**	**43,610.39**	**404.40**
For the year ended March 31, 2019								
Opening Balance	**42,520.38**	**83.64**	**1,538.64**	**89.86**	**810.31**	**110.86**	**44,869.33**	**284.36**
Transfers:								
Transfers to 12 Month ECL (Stage 1)	349.54	28.29	(329.45)	(26.25)	(20.09)	(2.04)	-	-
Transfers to lifetime ECL (Stage 2)	(1,343.85)	(7.96)	1,413.74	15.79	(69.89)	(7.83)	-	-
Transfers to lifetime ECL- Credit	(244.68)	(1.58)	(225.91)	(15.23)	470.59	16.80	-	-
Net remeasurement of ECL arising from		(25.94)		50.35		62.40	-	86.81
Net new and further lending/ (repayments)	9,877.06	41.54	(576.37)	(12.22)	(161.55)	(6.59)	9,139.14	22.72
Amounts written off	(0.07)	(0.02)	-	-	(46.46)	(34.59)	(46.53)	(34.61)
Loans sold to assets resconstruction	-	-	-	-	-	-	-	-
Closing balance	**51,158.39**	**117.97**	**1,820.64**	**102.30**	**982.91**	**139.02**	**53,961.94**	**359.28**

*The Company had initiated sale of certain credit impaired financial assets before March 31, 2021 and for which definitive contracts were executed post the balance sheet date. These financial assets sold after March 31, 2021, amounted to Rs. 430.41 million to asset reconstruction companies trusts (ARC Trust). As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, on account of subsequent sale to and recovery from ARC Trusts of such credit impaired assets, management has recorded such financial assets as recoverable and not as credit impaired financial assets. EFSL, the holding Company has, undertaken substantially all risks and rewards in respect of these financial assets aggregating to Rs. 365.84 million. As at March 31, 2021, there are no impact on the financial statements of the Company other than expected credit loss recorded in the Profit and Loss Statement for the quarter and year ended March 31, 2021 amounting to Rs. 72.94 million.

(Currency : Indian rupees in millions)

10.2. Credit Quality of exposure (Loan Commitment)

(a) Gross carrying amount of loan commitment allocated to Stage 1, Stage 2 and Stage 3

	As at March 31, 2021				As at March 31, 2020				As at March 31, 2019			
Particulars	**Stage I**	**Stage II**	**Stage III**	**Total**	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Loans (at amortised cost)												
Performing												
High grade	1,257.25	-	-	1,257.25	439.61	-	-	439.61	1,301.71	-	-	1,301.71
Standard grade	-	10.02	-	10.02	-	42.20	-	42.20	-	131.05	-	131.05
Non-performing												
Impaired	-	-	13.99	13.99	-	-	2.38	2.38	-	-	84.45	84.45
Total	**1,257.25**	**10.02**	**13.99**	**1,281.26**	439.61	42.20	2.38	484.19	1,301.71	131.05	84.45	1,517.21

(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to loan commitment are, as follows:

For the year ended March 31, 2021

	Non-credit impaired				Credit impaired		Total	
	Stage I		Stage II		Stage III			
Particulars	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**
As at April 01, 2020	**439.61**	**0.28**	**42.20**	**4.90**	**2.38**	**0.19**	**484.20**	**5.37**
Transfers:								
Transfers to 12 Month ECL (Stage 1)	-	-	-	-	-	-	-	-
Transfers to lifetime ECL (Stage 2)	(16.00)	(0.09)	16.00	0.09	-	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(7.61)	(0.02)	(6.34)	(0.02)	13.94	0.05	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	-	-	-	-	-
Net new sanctions and (disbursements)	841.25	0.80	(41.85)	(4.39)	(2.34)	1.16	797.06	(2.43)
Closing balance	**1,257.25**	**0.97**	**10.01**	**0.58**	**13.98**	**1.40**	**1,281.26**	**2.94**
For the year ended March 31, 2020								
As at April 01, 2019	**1,301.71**	**1.12**	**131.05**	**0.66**	**84.45**	**1.87**	**1,517.21**	**3.65**
Transfers:								
Transfers to 12 Month ECL (Stage 1)	1.44	0.12	(1.18)	(0.09)	(0.26)	(0.03)	-	-
Transfers to lifetime ECL (Stage 2)	(9.33)	(0.03)	9.55	0.05	(0.22)	(0.02)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.73)	-	-	-	1.73	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	(0.12)	-	0.42	-	0.10		0.40
Net new sanctions and (disbursements)	(852.48)	(0.81)	(97.22)	3.86	(83.32)	(1.73)	(1,033.02)	1.32
Closing balance	**439.61**	**0.28**	**42.20**	**4.90**	**2.38**	**0.19**	**484.19**	**5.37**
For the year ended March 31, 2019								
As at April 01, 2018	**1,696.02**	**2.57**	**221.10**	**1.15**	**0.53**	**0.06**	**1,917.65**	**3.77**
Transfers:								
Transfers to 12 Month ECL (Stage 1)	1.65	0.09	(1.65)	(0.09)	-	-	-	-
Transfers to lifetime ECL (Stage 2)	(10.06)	(0.00)	10.06	(0.75)	-	0.76	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.41)	(0.02)	(83.44)	-	84.85	0.02	-	-
Net remeasurement of ECL arising from transfer of stage		(0.09)		0.47		1.04		1.42
Net new sanctions and (disbursements)	(384.49)	(1.43)	(15.03)	(0.12)	(0.93)	(0.01)	(400.44)	(1.55)
Closing Balance	**1,301.71**	**1.12**	**131.05**	**0.66**	**84.45**	**1.87**	**1,517.21**	**3.64**

(Currency : Indian rupees in millions)

11 Investments

As at March 31, 2021	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Security receipts (refer note below)	-	-	1,600.86	-	1,600.86	-	1,600.86
Total - Gross (A)	**-**	**-**	**1,600.86**	**-**	**1,600.86**	**-**	**1,600.86**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	1,600.86	-	1,600.86	-	1,600.86
Total (B)	**-**	**-**	**1,600.86**	**-**	**1,600.86**	**-**	**1,600.86**
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	**-**	**-**	**1,600.86**	**-**	**1,600.86**	**-**	**1,600.86**

As at March 31, 2020	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Security receipts (refer note below)	-	-	1,044.73	-	1,044.73	-	1,044.73
Total - Gross (A)	**-**	**-**	**1,044.73**	**-**	**1,044.73**	**-**	**1,044.73**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	1,044.73	-	1,044.73	-	1,044.73
Total (B)	**-**	**-**	**1,044.73**	**-**	**1,044.73**	**-**	**1,044.73**
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	**-**	**-**	**1,044.73**	**-**	**1,044.73**	**-**	**1,044.73**

As at March 31, 2019	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Security receipts (refer note below)	-	-	-	-	-	-	-
Total - Gross (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
					-		
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes:

1 During earlier years and during the year ended March 31, 2021, the Company sold financial assets amounting to Rs. 1,325.00 million (net of losses) and Rs. 721.78 million (net of losses) respectively to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to Rs. 1,044.87 million and Rs. 613.53 million respectively from these ARC Trusts. Ind AS 109 – 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial statements. Edelweiss Financial Services Limited (EFSL), the holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL), a fellow subsidiary, had undertaken substantially all risks and rewards amounting to Rs. 924.71 million and Rs. 542.69 million respectively for earlier years and for the year ended March 31, 2021 in respect of such financial assets. As a result, these Security Receipts are recognised under Other Financial Assets in Company's financial statements.

Based on a review performed by the Company's management and EFSL, with effect from January 1, 2021, EFSL has directly undertaken substantially all risks and rewards and consequently ERCSL is relieved of its obligations. Further, pursuant to such review, certain terms and conditions of risk and rewards agreements have been amended with effect from January 1, 2021. The Board of Directors of the Company in the meeting held on June 4, 2021 have approved such amendments to the said agreements. Further, the amendments to the said agreement shall be placed by the management of ERCSL and EFSL in their respective ensuing Board of Directors' meeting for review and approval.

2 Pursuant to amendments in risk and rewards agreement (as mentioned in note 1 above) between the Company, ERCSL and EFSL, with effect from January 1, 2021, fees payable on these security receipts (ARC Fees) has been agreed to be borne by EFSL, as substantially all risks and rewards are undertaken by EFSL. Accordingly, an amount of Rs. 12.06 million towards such expenses has been recorded by EFSL. Accordingly, loss before tax of the Company for the year ended March 31, 2021 is lower by Rs. 12.06 million.

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
12	**Other financial assets**			
	(unsecured, considered good)			
	Security Deposits	**205.33**	208.13	26.87
	Deposits placed with/exchange/depositories	**30.00**	30.00	30.00
	Advances to others	**681.42**	6.79	5.99
		916.75	244.92	62.86
13	**Current tax assets (net)**			
	Advance income taxes	**21.86**	7.38	46.66
	(net of provision for tax Rs.337.65 million, FY 2019-20 Rs. 200.50 million and FY 2018-19 Rs. 508.57 million)			
		21.86	7.38	46.66
14	**Deferred tax assets (net)**			
	Deferred tax assets			
	Loans			
	Provision for Expected credit loss	**136.84**	100.55	116.36
	Unamortised processing fees - EIR on lending	**31.98**	55.03	117.48
	Property, plant and equipment and intangibles			
	Difference between book and tax depreciation	**11.26**	9.46	8.83
	Employee benefit obligations			
	Provision for compensated absences	**1.24**	0.96	1.23
	Disallowances under section 43B of the Income Tax Act, 1961	**18.25**	5.12	5.23
	Unused tax losses			
	Lease liability	**30.59**	45.96	-
	Others	**32.40**	0.07	-
		262.56	217.15	268.95
	Deferred tax liabilities			
	Investments and other financial instruments			
	Unamortised loan origination costs - EIR on lending	**25.86**	50.23	121.03
	Recognition of Interest Strip on assignment deals	**107.87**	83.13	193.20
	Accrued Interest on Stage 3 receivables	**1.87**	6.18	25.91
	Borrowings			
	Effective interest rate on financial liabilities	**13.52**	17.36	35.32
	Right-of-use Asset (ROU)	**23.92**	39.00	-
	Special Reserve u/s 36(1) (viii)	**98.70**	-	-
		271.74	195.90	375.46
		(9.18)	21.25	(106.51)

Note: For disclosure relating to movement of deferred tax assets/ liabilities, refer note 36.3

(Currency : Indian rupees in millions)

15 Property, Plant and Equipment

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block
	As at April 1, 2020	Additions during the year	Disposals during the year	As at March 31, 2021	As at April 1, 2020	Charge for the year	Disposals during the year	As at March 31, 2021	As at March 31, 2021
Property, Plant and Equipment									
Land*	1.21	-	-	**1.21**	-	-	-	**-**	**1.21**
Leasehold improvements	29.87	-	11.79	**18.08**	12.05	5.15	6.50	**10.70**	**7.38**
Furniture and Fixtures	14.60	1.37	7.32	**8.65**	6.59	2.06	4.30	**4.35**	**4.30**
Vehicles	0.32	-	-	**0.32**	0.23	-	-	**0.23**	**0.09**
Office equipment	18.47	0.18	7.64	**11.01**	11.35	2.85	6.05	**8.15**	**2.86**
Computers	62.39	0.81	4.35	**58.85**	47.77	7.44	3.71	**51.50**	**7.35**
Right-of-use Asset (ROU)	196.18	19.56	43.50	**172.24**	41.22	35.93	-	**77.15**	**95.09**
Total	**323.04**	**21.92**	**74.60**	**270.36**	**119.21**	**53.43**	**20.56**	**152.08**	**118.28**

16 Other Intangible Assets

Description of Assets	Gross Block				Accumulated Amortisation and Impairment				Net Block
	As at April 1, 2020	Additions during the year	Disposals during the year	As at March 31, 2021	As at April 1, 2020	Charge for the year	Disposals during the year	As at March 31, 2021	As at March 31, 2021
Other Intangible Assets									
Software	14.17	1.78	-	**15.95**	10.71	2.97	-	**13.68**	**2.27**
Total	**14.17**	**1.78**	**-**	**15.95**	**10.71**	**2.97**	**-**	**13.68**	**2.27**

Note:
*Charged against secured redeemable non-convertible debentures

(Currency : Indian rupees in millions)

15. Property, Plant and Equipment (FY 2019-20)

Description of Assets	Gross Block					Accumulated Depreciation and Impairment					Net Block
	As at April 1, 2019	Transition impact of Ind AS 116	Additions during the year	Disposals during the year	**As at March 31, 2020**	As at April 1, 2019	Transition impact of Ind AS 116	Charge for the year	Disposals during the year	**As at March 31, 2020**	**As at March 31, 2020**
Property, Plant and Equipment											
Land*	1.21	-	-	-	**1.21**	-	-	-	-	**-**	**1.21**
Leasehold improvements	22.20	-	13.17	5.50	**29.87**	8.24	-	8.24	4.43	**12.05**	**17.82**
Furniture and Fixtures	12.64	-	3.04	1.08	**14.60**	4.31	-	3.11	0.83	**6.59**	**8.01**
Vehicles	1.79	-	-	1.47	**0.32**	0.96	-	0.19	0.92	**0.23**	**0.09**
Office equipment	14.99	-	5.22	1.74	**18.47**	6.66	-	6.13	1.44	**11.35**	**7.12**
Computers	64.96	-	3.48	6.05	**62.39**	36.63	-	15.87	4.73	**47.77**	**14.62**
Right-of-use Asset (ROU)**	-	179.04	17.41	0.27	**196.18**	-	-	41.49	0.27	**41.22**	**154.96**
Total	**117.79**	**179.04**	**42.32**	**16.11**	**323.04**	**56.80**	**-**	**75.03**	**12.62**	**119.21**	**203.83**

16. Other Intangible Assets (Previous Year)

Description of Assets	Gross Block					Accumulated Amortisation and Impairment					Net Block
	As at April 1, 2019	Additions during the year	Additions during the year	Disposals during the year	**As at March 31, 2020**	As at April 1, 2019	Charge for the year	Charge for the year	Disposals during the year	**As at March 31, 2020**	**As at March 31, 2020**
Other Intangible Assets											
Software	12.19	-	1.98	-	**14.17**	6.86	-	3.85	-	**10.71**	**3.46**
Total	**12.19**	**-**	**1.98**	**-**	**14.17**	**6.86**	**-**	**3.85**	**-**	**10.71**	**3.46**

Notes:

*Charged against secured redeemable non-convertible debentures

**Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019, have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs.179.04 million and a lease liability of Rs.198.53 million with a corresponding deferred tax asset of Rs. 6.81 million. The cumulative effect of applying the standard thus resulted in Rs.12.68 million being debited to retained earnings as at April 1, 2019, net of taxes. In the profit or loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. Thus, other expenses have reduced by Rs.52.11 million whereas depreciation and amortisation expense has increased by Rs.41.49 million and finance cost has increased by Rs.18.78 million for the year ended March 31, 2020 consequent to adoption of Ind AS 116. This has had an impact on deferred tax credit by Rs. 0.10 million for the year ended March 31, 2020. Also, total assets have increased by Rs.154.96 million and total liabilities have increased by Rs.182.62 million as at March 31, 2020.

(Currency : Indian rupees in millions)

15. Property, Plant and Equipment (FY 2018-19)

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block
	As at April 1, 2018	Additions during the year	Disposals during the year	**As at March 31, 2019**	As at April 1, 2018	Charge for the year	Disposals during the year	**As at March 31, 2019**	**As at March 31, 2019**
Property, Plant and Equipment									
Land*	1.21	-	-	**1.21**	-	-	-	**-**	**1.21**
Leasehold improvements	13.92	8.28	-	**22.20**	3.72	4.52	-	**8.24**	**13.96**
Furniture and Fixtures	8.12	4.55	0.03	**12.64**	1.74	2.58	0.01	**4.31**	**8.33**
Vehicles	2.23	-	0.44	**1.79**	0.73	0.48	0.25	**0.96**	**0.83**
Office equipment	7.30	7.79	0.10	**14.99**	2.71	3.99	0.04	**6.66**	**8.33**
Computers	39.46	27.98	2.48	**64.96**	13.69	24.08	1.14	**36.63**	**28.33**
Total	**72.24**	**48.60**	**3.05**	**117.79**	**22.59**	**35.65**	**1.44**	**56.80**	**60.99**

16. Other Intangible Assets (Previous Year)

Description of Assets	Gross Block				Accumulated Amortisation and Impairment				Net Block
	As at April 1, 2018	Additions during the year	Disposals during the year	**As at March 31, 2019**	As at April 1, 2018	Charge for the year	Disposals during the year	**As at March 31, 2019**	**As at March 31, 2019**
Other Intangible Assets									
Software	9.08	3.11	-	**12.19**	2.69	4.17	-	**6.86**	**5.33**
Total	**9.08**	**3.11**	**-**	**12.19**	**2.69**	**4.17**	**-**	**6.86**	**5.33**

Notes:
*Charged against secured redeemable non-convertible debentures

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
17	**Other non-financial assets**			
	Input tax credit (Goods and Services Tax)	**65.99**	38.53	34.28
	Prepaid expenses	**47.63**	9.75	7.20
	Advance to vendors	**4.90**	2.88	4.30
	Advances to employees	**2.22**	2.52	2.63
	Advances recoverable in cash or in kind or for value to be received	**13.59**	-	-
		134.33	53.68	48.41
18	**Trade Payables**			
	Trade payables to non-related parties	**51.63**	56.56	138.29
	Trade payables to related parties - (Refer note 43)	**20.65**	28.81	85.97
		72.28	85.37	224.26
	Notes:			
	(i) Total outstanding dues to creditors other than micro enterprises and small enterprises	**72.28**	85.37	224.26
	(ii) Total outstanding dues of micro enterprises and small enterprises	-	-	-
19	**Debt securities (In India)**			
	(At amortised cost)			
	Non-convertible redeemable debentures (Secured)			
	Privately Placed Non-convertible debentures	**7,258.15**	5,422.98	7,310.09
	Publicly Placed Non-convertible debentures	**4,418.60**	4,668.59	5,272.41
		11,676.75	10,091.57	12,582.50

Note: For disclosure relating to repayment and other terms, refer note 50

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
20	**Borrowings other than debt securities (In India)** (At amortised cost)			
	Term loans (secured)			
	- From Banks	**18,738.53**	24,664.39	28,022.64
	- From National Housing Bank	**2,540.58**	2,384.83	3,106.17
		21,279.11	27,049.22	31,128.81
	Note: For disclosure relating to repayment and other terms, refer note 49			
	Bank overdraft (secured)	**149.27**	629.69	405.07
	[Secured by charge on receivables from financing business] Bank overdraft is in nature of Committed Cash Credit lines repayable on demand. (Interest rate range, March-21: 8.50% - 10.25%, March-20: 9.25% - 10.50%, March-19: 8.35% - 11%)			
	Working capital demand loan (WCDL)	**1,200.00**	300.00	100.00
	[Secured by charge on receivables from financing business] WCDL is in nature of short term loan. (Interest rate range, March-21: 8.50% - 10.25%, March-20: 9.25% - 10.50%, March-19: 8.35% - 11%)			
	Loan from related parties (Unsecured)	**-**	13.11	1.07
	(Repayable on demand, Interest rate payable @ 11.00% - 12.25%, FY 2019-20: 11.00%, FY 2018-19: 9.50%)			
		22,628.38	27,992.02	31,634.95
21	**Subordinated liabilities (In India)** (At amortised cost)			
	Non-convertible subordinated debentures (Unsecured)	**508.61**	508.61	508.48
		508.61	508.61	508.48
	Note: For disclosure relating to repayment and other terms, refer note 51			
22	**Other financial liabilities**			
	Liability on assigned loans under PCG scheme	**5,266.66**	3,554.54	-
	Amount payable on assigned loans	**399.26**	189.03	174.45
	Other payables	**0.23**	17.39	-
	Book overdraft	**542.18**	-	1,176.09
	Payable to employees	**43.27**	5.23	68.76
	Lease liabilities (Ind AS 116)	**121.54**	182.61	-
		6,373.14	3,948.80	1,419.30

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
23	**Current tax liabilities (net)**			
	Provision for taxation (net of advance tax Rs. 848.52 million, FY 2019-20 Rs. 939.00 million, FY 2018-19 Rs. 395.84 million)	**16.90**	106.03	188.12
		16.90	106.03	**188.12**
24	**Provisions**			
	Provision for employee benefits (Refer note 40)			
	Gratuity	**32.51**	20.34	14.98
	Compensated leave absences	**4.94**	3.81	3.53
	Provision for expenses	**0.17**	1.19	3.44
		37.62	25.34	21.95
25	**Other non-financial liabilities**			
	Revenue received in advance	**1.81**	3.20	10.90
	Payable to others	**337.66**	42.11	120.00
	Statutory dues payable	**20.79**	14.47	5.65
		360.26	59.78	142.13

(Currency : Indian rupees in millions)

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
26	**Equity share capital**			
	Authorised :			
	7,50,00,000 (Previous year: 7,50,00,000) equity shares of Rs.10 each	**750.00**	750.00	750.00
		750.00	750.00	750.00
	Issued, Subscribed and Paid up:			
	6,93,50,000 (Previous year: 6,93,50,000) Equity shares of Rs. 10, fully paid-up	**693.50**	693.50	693.50
		693.50	693.50	693.50

(a) Movement in share capital :

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No of shares	**Amount**	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	**6,93,50,000**	**693.50**	6,93,50,000	693.50	5,43,50,000	543.50
Shares issued during the year	**-**	**-**	-	-	1,50,00,000	150.00
Outstanding at the end of the year	**6,93,50,000**	**693.50**	6,93,50,000	693.50	6,93,50,000	693.50

During FY 2018-19, the Company had issued 150,00,000 fully paid-up equity shares of Rs.10 each at a premium of Rs 90 each for the total consideration of Rs. 1500.00 million to Edelweiss Financial Services Limited, the ultimate holding company and Edel Finance Company Limited.

(b) Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote. 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.

(c) **Shares held by holding/ultimate holding company and/or their subsidiaries**

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No of shares	**%**	No of shares	%	No of shares	%
Ultimate Holding / Holding company						
Edelweiss Rural & Corporate Services Limited, the holding company	**3,83,00,000**	**55.23%**	3,83,00,000	55.23%	3,83,00,000	55.23%
Edelweiss Financial Services Limited, the ultimate holding company	**2,10,50,000**	**30.35%**	2,10,50,000	30.35%	2,10,50,000	30.35%
Fellow subsidiaries						
Edel Finance Company Limited	**1,00,00,000**	**14.42%**	1,00,00,000	14.42%	1,00,00,000	14.42%
	6,93,50,000	**100.00%**	6,93,50,000	100.00%	6,93,50,000	100.00%

(d) **There are no shares reserved for issue under options and contracts / commitments for the sale of shares/ disinvestment.**

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
27	**Other Equity**			
	Securities Premium	**4,075.18**	4,075.18	4,075.18
	Statutory Reserve	**547.80**	540.34	537.22
	Debenture Redemption Reserve	**341.32**	469.25	469.25
	Deemed capital contribution - Equity	**33.46**	33.46	33.46
	Retained Earnings	**1,936.62**	1,879.01	1,880.34
		6,934.38	6,997.24	6,995.45

Note: For movement in Other Equity, refer 'Statement of changes in Equity'

27.1 Nature and purpose of Reserves

(a) **Securities Premium**
Securities premium is used to record the premium on issue of shares. Balance in Securities premium can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(b) **Reserve under section 29C of the National Housing Bank Act, 1987**
Reserve created under section 29C of National Housing Bank Act, 1987 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(c) **Debenture Redemption Reserve**
The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Company being NBFC has to maintain Debenture Redemption reserve upto 25% of the value of debentures issued through public issue. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings. However, as per the amendment in the Companies Act 2013, debenture redemption reserve is not required for debentures issued by Non-Banking Finance Companies regulated by Reserve Bank of India for both public as well as privately placed debentures.

(d) **Deemed capital contribution - Equity**
This reserve relates to Share options granted to eligible employees of the Company by the parent company under its employee share option plan.

(e) **Retained Earnings**
Retained earnings comprises of the Company’s undistributed earnings after taxes.

(Currency : Indian rupees in millions)

		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
28	**Interest Income (at amortised cost)**			
	Interest on Loans	**4,451.55**	5,511.22	5,638.76
	Interest income from investments	**38.92**	-	-
	Interest on deposits with bank	**170.18**	54.40	15.28
	Other interest income	**21.93**	0.95	0.17
	Income on direct assignment	**344.08**	87.83	503.59
		5,026.66	5,654.40	6,157.80
29	**Fee and commission income**			
	Fee and commission income	**341.46**	357.15	424.55
		341.46	357.15	424.55
30	**Net gain on fair value changes (Realised)**			
	On trading portfolio			
	Gain on buy back of debt securities (amortised cost)	**61.58**	-	10.30
	Profit on sale of mutual fund units (FVTPL)	**22.32**	34.79	59.94
	Profit on sale of equity shares (FVTPL)	**9.46**	-	-
	Profit on sale of debt instruments (FVTPL)	**23.89**	4.88	-
		117.25	39.67	70.24
31	**Other income**			
	Other non operating income	**23.37**	22.68	6.36
		23.37	22.68	6.36

(Currency : Indian rupees in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
32 Finance costs (at amortised cost)			
Interest on borrowings	**2,475.41**	3,076.59	2,649.19
Interest on assignment liability (PCG scheme)	**270.35**	71.61	-
Interest on debt securities	**1,054.47**	941.25	1,188.72
Interest on subordinated liabilities	**56.25**	56.38	56.25
Other interest expense (including bank charges)	**21.47**	28.74	27.41
Interest on lease liabilities	**14.88**	18.78	-
	3,892.83	4,193.35	3,921.57
33 Impairment on financial instruments			
Loss on sale of loan assets sold to assets reconstruction company	**359.27**	317.47	-
Bad debts and advances written off	**62.97**	42.75	46.53
Provision for expected credit loss (at amortised cost) (including on loan commitments)	**89.16**	46.84	74.80
	511.40	407.06	121.33

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
34 Employee benefit expenses			
Salaries and wages	**514.63**	626.43	701.67
Contribution to provident and other funds	**19.77**	29.39	34.42
Gratuity Expense (refer note 40)	**6.75**	3.94	3.94
Share based payments to employees (Refer note below)	**(0.90)**	9.61	5.58
Staff welfare expenses	**17.77**	21.34	22.45
	558.02	690.71	768.06

Note:
Edelweiss Financial Services Limited ("EFSL") the ultimate holding Company has granted an Employee stock option plan (ESOP)/ Stock Appreciation Rights (ESAR) option to acquire equity shares of EFSL that would vest in a graded manner to Company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options /rights , Company has accepted such cross charge and recognised the same under the employee cost.

(Currency : Indian rupees in millions)

		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
35	**Other expenses**			
	Advertisement and business promotion	**0.08**	5.90	0.34
	Commission and brokerage	**0.23**	0.40	3.51
	Communication	**6.10**	13.70	10.42
	Directors' sitting fees	**0.78**	0.80	0.56
	Legal and professional fees	**134.55**	80.78	88.49
	Printing and stationery	**4.40**	5.79	8.97
	Loan origination costs amortised	**125.22**	190.70	366.69
	Rent, rates and taxes	**63.30**	69.09	95.71
	Repairs and maintenance	**4.67**	6.95	8.03
	Electricity charges	**6.15**	9.32	14.08
	Computer expenses	**20.84**	19.21	7.19
	Corporate social responsibility (refer note 35.2)	**15.79**	21.94	5.00
	Rating support fees	**8.81**	7.13	0.29
	Office expenses	**79.02**	133.03	125.94
	Postage and courier	**1.94**	3.03	4.00
	Goods and Service tax expenses	**60.92**	88.39	48.99
	Stamp duty	**14.15**	0.32	5.22
	Auditors' remuneration (refer note 35.1)	**6.98**	5.63	4.42
	Travelling and conveyance	**6.87**	27.26	31.29
	Miscellaneous expenses	**11.81**	20.90	2.39
	Donation	**-**	10.00	-
		572.61	720.27	831.53
35.1	**Auditors' remuneration:**			
	As an Auditor			
	Statutory Audit	**2.50**	2.95	2.45
	Limited Review	**1.50**	1.05	1.05
	Certification	**2.88**	1.52	0.75
	Towards reimbursement of expenses	**0.10**	0.11	0.17
		6.98	5.63	4.42
35.2	**Details of CSR Expenditure:**			
	As per the provisions of Section 135 of Companies Act 2013,			
	Gross Amount required to be spent by the Company	**15.79**	21.94	19.81
	Amount Spent (paid in cash)			
	(i) Construction/ Acquisition of any assets	**-**	-	-
	(ii) on purpose other than (i) above	**15.79**	21.94	5.00
	Amount Unspent (yet to be paid in cash)			
	Construction/ Acquisition of any assets	**-**	-	-
	on purpose other than (i) above	**-**	-	-
		15.79	21.94	5.00

(Currency : Indian rupees in millions)

36 Income tax

36.1 The components of income tax expense:

	For the period ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	**39.21**	99.23	247.99
Adjustment in respect of current income tax of prior years	**(90.46)**	(10.57)	28.09
Deferred tax relating to origination and reversal of temporary differences	**(66.76)**	(140.40)	95.79
MAT credit entitlement	**-**	19.82	(19.82)
Total tax charge	**(118.01)**	(31.92)	352.05
Current tax	**(51.25)**	88.66	276.08
Deferred tax	**(66.76)**	(120.58)	75.97

36.2 Reconciliation of total tax charge

	For the period ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax as per financial statements	**(80.72)**	(16.37)	976.64
Tax rate (in percentage)	**25.17%**	25.17%	34.94%
Income tax expense calculated based on this tax rate	**(20.32)**	(4.12)	341.28
Adjustment in respect of current income tax of prior years	**(90.46)**	(14.89)	28.09
Effect of income not subject to tax:			
Tax break of deduction u/s 36(1)(viii) of Income tax Act, 1961	**(0.76)**	(0.79)	(25.97)
Income on closure of leases	**(3.43)**	-	-
Adjustment on account of Valuation of Securities (ICDS)	**(0.79)**	-	-
Deduction u/s 35D of Income tax Act, 1961	**(0.08)**	(0.18)	(0.14)
Effect of non–deductible expenses:			
Penalties	**-**	-	-
Others	**(2.18)**	15.89	8.80
Impact of tax rate changes (between two accounting periods)	**-**	(27.83)	-
Tax charge for the year recorded in P&L	**(118.01)**	(31.92)	352.05
Effective tax rate	**146.20%**	194.99%	36.05%

(Currency : Indian rupees in millions)

36 Income tax

36.3 Movement of Deferred Tax assets / (liabilities)

For the Year Ended March 31, 2021

	Deferred tax asset / (liability) (Opening)	In profit or loss	In OCI	Directly in equity	Total movement	Deferred tax asset / (liability) (Closing)
Deferred taxes in relation to:						
Deferred Tax Assets						
Provision for expected credit loss	100.55	36.29	-	-	36.29	136.84
Effective interest rate on financial assets	4.80	1.32	-	-	1.32	6.12
Retirement Benefits	6.08	12.67	0.74	-	13.41	19.49
Difference between book and tax WDV (including intangibles)	9.46	1.80	-	-	1.80	11.26
Lease liability	45.96	(15.37)	-	-	(15.37)	30.59
Others	0.07	32.33	-	-	32.33	32.40
Deferred Tax Liabilities						
Stage 3 Income recognition	(6.18)	4.31	-	-	4.31	(1.87)
Interest spread on assignment transactions	(83.13)	(24.74)	-	-	(24.74)	(107.87)
Effective interest rate on financial Liabilities	(17.36)	3.84	-	-	3.84	(13.52)
Special Reserve u/s 36(1) (viii)	-	(0.76)	-	(97.94)	(98.70)	(98.70)
Right-of-use Asset (ROU)	(39.00)	15.07	-	-	15.07	(23.92)
	21.25	**66.76**	**0.74**	**(97.94)**	**(30.44)**	**(9.18)**

For the Year Ended March 31, 2020						
Deferred taxes in relation to:						
Deferred Tax Assets						
Provision for expected credit loss	116.36	(15.81)	-	-	(15.81)	100.55
Effective interest rate on financial assets	(3.55)	8.35	-	-	8.35	4.80
Retirement Benefits	6.47	(0.75)	0.36		(0.39)	6.08
Difference between book and tax WDV (including intangibles)	8.83	0.63	-	-	0.63	9.46
Lease liability	-	(23.42)	-	69.38	45.96	45.96
Others	-	0.07	-	-	0.07	0.07
Deferred Tax Liabilities						
Stage 3 Income recognition	(25.91)	19.73	-	-	19.73	(6.18)
Interest spread on assignment transactions	(193.21)	110.08	-	-	110.08	(83.13)
Effective interest rate on financial Liabilities	(35.32)	17.96	-	-	17.96	(17.36)
MAT Credit Entitlement	19.82	(19.82)	-	-	(19.82)	-
Right-of-use Asset (ROU)	-	23.56	-	(62.56)	(39.00)	(39.00)
Total	(106.51)	120.58	0.36	6.82	127.76	21.25

Note:
The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying Income tax at reduced rates. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020. The Company has also re-measured its deferred tax assets / liabilities (net) for the year ended March 31, 2020 on the basis of the rate prescribed in the aforesaid section resulting in tax charge reduction by Rs. 27.83 million.

For the Year Ended March 31, 2019						
Deferred taxes in relation to:						
Deferred Tax Assets						
Provision for expected credit loss	100.87	15.49	-	-	15.49	116.36
Retirement Benefits	24.68	(18.96)	0.75		(18.21)	6.47
Difference between book and tax WDV (including int	3.91	4.92	-	-	4.92	8.83
Tax Break on Employee Stock Option Scheme	63.45	-	-	(63.45)	(63.45)	-
Deferred Tax Liabilities						
Effective interest rate on financial assets	(0.99)	(2.56)	-	-	(2.56)	(3.55)
Stage 3 Income recognition	(35.05)	9.14	-	-	9.14	(25.91)
Interest spread on assignment transactions	(83.22)	(109.99)	-	-	(109.99)	(193.21)
Effective interest rate on financial Liabilities	(41.49)	6.17	-	-	6.17	(35.32)
MAT Credit Entitlement	-	19.82	-	-	19.82	19.82
Others	-		-	-	-	-
Total	32.16	(75.97)	0.75	(63.45)	(138.67)	(106.51)

(Currency:Indian rupees in million)

37 Cash Flow Disclosure

Change in Liabilities arising from financing acitivies

Particulars	**As at March 31, 2020**	**Cash Flows**	**Changes in Fair value**	**Others***	**As at March 31, 2021**
Debt Securities	10,091.57	1,793.02	-	(207.84)	11,676.75
Borrowings other than Debt Securities	27,992.02	(5,360.01)	-	(3.63)	22,628.38
Subordinated Liabilities	508.61	-	-	-	508.61
	38,592.20	**(3,566.99)**	**-**	**(211.47)**	**34,813.74**

Particulars	As at March 31, 2019	Cash Flows	Changes in Fair value	Others*	As at March 31, 2020
Debt Securities	12,582.50	(2,568.86)	-	77.93	10,091.57
Borrowings other than Debt Securities	31,634.95	(3,573.68)	-	(69.25)	27,992.02
Subordinated Liabilities	508.48	-	-	0.13	508.61
	44,725.93	(6,142.54)	-	8.81	38,592.20

Particulars	As at March 31, 2018	Cash Flows	Changes in Fair value	Others*	As at March 31, 2019
Debt Securities	12,498.23	(35.00)	-	119.27	12,582.50
Borrowings other than Debt Securities	27,448.00	4,192.31	-	(5.36)	31,634.95
Subordinated Liabilities	508.32	-	-	0.16	508.48
	40,454.55	4,157.31	-	114.07	44,725.93

*Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(Currency : Indian rupees in millions)

38. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit attributable to Equity holders of the Company - A	**37.29**	15.55	624.59
Weighted average Number of Shares			
- Number of equity shares outstanding at the beginning of the year	**69.35**	69.35	54.35
- Number of equity shares issued during the year	**-**	-	15.00
Total number of equity shares outstanding at the end of the year	**69.35**	69.35	69.35
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) - B	**69.35**	69.35	60.77
Nominal value of euity shares	**10.00**	10.00	10.00
Basic and diluted earnings per share (in rupees) (A/B)	**0.54**	0.22	10.28

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at the year end.

39. Contingent Liability and Commitment:

(a) Contingent Liability

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Taxation matters	**Nil**	Nil	Nil
Litigation pending against the company	**Nil**	Nil	Nil

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.

(b) Commitment:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances)	**8.05**	7.63	3.94
Loan sanctioned pending disbursements	**1,281.26**	484.19	1,517.21

(Currency : Indian rupees in millions)

40 Retirement and other employee benefits

(a) Defined contribution plan - Provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised Rs. 25.04 millions (March 31, 2020 : Rs 32.76 Millions, March 31, 2019 : Rs 30.74 million) for provident fund in the Statement of profit and loss.

(b) Defined benefit plan - Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972. The gratuity benefit is partially provided through funded plan and annual expense is charged to the statement of profit and loss on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation (DBO) for gratuity are carried out as at March 31, 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, are measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligations (A)	**32.51**	20.34	14.97
Fair Value of plan assets (B)	**-**	-	-
Present value of defined benefit obligations (A-B)	**32.51**	20.34	14.97
Net deficit / (assets) are analysed as:			
Liabilities	**32.51**	20.34	14.97
Assets	**-**	-	-

Movement in net defined benefit (asset) liability:

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

		Defined benefit obligation			Fair value of plan assets			Net defined benefit (asset) liability		
		March 31, 2021	March 31, 2020	March 31, 2019	**March 31, 2021**	March 31, 2020	March 31, 2019	**March 31, 2021**	March 31, 2020	March 31, 2019
(i)	**Present value of defined benefit obligations (opening)**	**20.34**	14.97	11.41	-	-	-	**20.34**	14.97	11.41
	Current service cost	**5.24**	4.22	3.14	-	-	-	**5.24**	4.22	3.14
	Past service cost	-	-	-	-	-	-	**-**	-	-
	Interest cost	**1.50**	1.09	0.80	-	-	-	**1.50**	1.09	0.80
		27.08	20.28	15.35	-	-	-	**27.08**	20.28	15.35
(ii)	**Other comprehensive Income**									
	Remeasurement Actuarial loss (gain) arising from :									
	Experience	**0.36**	(0.36)	2.00	-	-	-	**0.36**	(0.36)	2.00
	Financial and demographic assumptions	**2.59**	1.80	0.13	-	-	-	**2.59**	1.80	0.13
	Expected return from plan assets	-	-	-	-	-	-	**-**	-	-
		2.95	1.44	2.13	-	-	-	**2.95**	1.44	2.13
(iii)	**Others**									
	Transfer In/ (Out)	**6.99**	1.19	0.04				**6.99**	1.19	0.04
	Contributions by Employer	**-**	-	-	-	-	-	**-**	-	-
	Benefits paid	**(4.51)**	(2.57)	(2.55)	-	-	-	**(4.51)**	(2.57)	-2.55
		2.48	(1.38)	(2.51)	-	-	-	**2.48**	(1.38)	(2.51)
(iv)	**Closing Balance (i) + (ii) + (iii)**	**32.51**	20.34	14.97	-	-	-	**32.51**	20.34	14.97
	Represented by:									
	Net defined benefit asset							**-**	-	-
	Net defined benefit liability							**32.51**	20.34	14.97

(Currency : Indian rupees in millions)

40 Retirement and other employee benefits

Components of defined benefit plan cost:

		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
(i)	**Recognised in Statement of profit or loss**			
	Current service cost	**5.24**	4.22	3.14
	Interest cost	**1.50**	1.09	0.80
	Expected return on plan assets	**-**	-	-
	Past service cost	**-**	-	-
		6.74	5.31	3.94
(ii)	**Recognised in other comprehensive income**			
	Remeasurement of net defined benefit liability/(asset)	**2.95**	1.44	2.13
	Return on plan assets excluding net interest	**-**	-	-
		2.95	1.44	2.13
	Total (i) + (ii)	**9.69**	6.75	6.07

Actuarial assumptions:
The following were the principal actuarial assumptions at the reporting date:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Discount Rate	**5.00%**	5.50%	6.70%
Salary Growth Rate	**7.00%**	7.00%	7.00%
Withdrawal/Attition Rate (based on categories)	**25.00%**	13% to 60%	13% to 60%
Expected return on plan Assets (p.a)	**5.50%**	6.70%	7.00%
Mortality Rate	**IALM 2012-14(Ultimate)**	IALM 2012-14(Ultimate)	IALM 2012-14(Ultimate)
Expected weighted average remainin working lives of employees	**3 Years**	3 Years	3 Years

Sensitivity analysis:

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Increase	**Decrease**	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	**1.31**	**(1.23)**	0.78	(0.74)	0.63	(0.59)
Discount Rate (+/- 1%)	**(1.24)**	**1.34**	(0.74)	0.80	(0.59)	0.64
Withdrawl Rate (+/- 1%)	**(0.10)**	**0.11**	(0.05)	0.05	(0.14)	0.14
Mortality (increase in expected lifetime by 1 year)	**2**		1		Negligible change	
Mortality (increase in expected lifetime by 3 year)	**5**		3		Negligible change	

The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Asset liability comparisons:	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of DBO	**32.51**	20.34	14.97
Fair Value of Plan assets	-	-	-
Net (Assets)/Liabilitiy	**32.51**	20.34	14.97

(c) Compensated absences :
The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation. The leave encashment on separation is paid on basic salary.

(Currency : Indian rupees in millions)

41. Maturity Analysis of assets and liabilities

Particulars	As at March 31, 2021			As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	9,455.81	-	9,455.81	4,929.16	-	4,929.16	593.60	-	593.60
Bank balances other than cash and cash equivalents	817.99	17.31	835.30	701.49	37.83	739.32	63.88	16.34	80.22
Securities held for trading	155.83	-	155.83	-	-	-	-	-	
Trade receivables	104.02	-	104.02	58.46	-	58.46	8.49	-	8.49
Loans	7,963.09	27,995.50	35,958.59	8,521.10	34,679.52	43,200.62	12,781.93	40,817.08	53,599.01
Investments	-	1,600.86	1,600.86	-	1,044.73	1,044.73	-	-	-
Other financial assets	520.91	395.84	916.75	-	244.92	244.92	5.99	56.87	62.86
Non-financial assets									
Current tax assets (net)	-	21.86	21.86	-	7.38	7.38	-	46.66	46.66
Deferred tax assets (net)	-	-	-	-	21.25	21.25	-	-	-
Property, plant and equipment	-	118.28	118.28	-	203.83	203.83	-	60.99	60.99
Capital work in progress	-	-	-	-	-	-	-	11.58	11.58
Intangible assets under development	-	7.10	7.10	-	1.45	1.45	-	-	-
Other intangible assets	-	2.27	2.27	-	3.46	3.46	-	5.33	5.33
Other non- financial assets	134.33	-	134.33	53.68	-	53.68	48.41	-	48.41
Total Assets	**19,151.98**	**30,159.02**	**49,311.00**	14,263.89	36,244.37	50,508.26	13,502.30	41,014.85	54,517.15
Financial Liabilities									
Trade payables	72.28	-	72.28	85.37	-	85.37	224.26	-	224.26
Debt securities	4,217.33	7,459.42	11,676.75	1,250.11	8,841.46	10,091.57	1,578.66	11,003.84	12,582.50
Borrowings (other than debt securities)	9,088.06	13,540.32	22,628.38	8,699.66	19,292.36	27,992.02	9,390.21	22,244.74	31,634.95
Subordinated liabilities	8.61	500.00	508.61	8.61	500.00	508.61	8.48	500.00	508.48
Other financial liabilities	2,160.97	4,212.17	6,373.14	1,058.77	2,890.03	3,948.80	1,419.30	-	1,419.30
Non-financial liabilities						-			
Current tax liabilities (net)	16.90	-	16.90	106.03	-	106.03	188.12	-	188.12
Provisions	37.62	-	37.62	25.34	-	25.34	21.95	-	21.95
Deferred tax liabilities (net)	-	9.18	9.18	-	-	-	-	106.51	106.51
Other non-financial liabilities	360.26	-	360.26	59.78	-	59.78	142.13	-	142.13
Total Liabilities	**15,962.02**	**25,721.10**	**41,683.12**	11,293.67	31,523.85	42,817.52	12,973.11	33,855.09	46,828.20
Net	**3,189.96**	**4,437.92**	**7,627.88**	2,970.22	4,720.52	7,690.74	529.19	7,159.76	7,688.94

(Currency : Indian rupees in millions)

42 Segment Information

The Company is operating under single business segment i.e. to provide loans for purchase or construction of residential houses, loan against properties and loans to real estate developers. Accordingly, there is no separate reportable segment and hence no disclosure is made under Ind AS 108 - 'Operating Segment Reporting'. Further, segmentation based on geography has not been presented as the Company operates only in India.

43 Related Party Disclosures

i. List of related parties and relationship:

Name of related parties by whom control is exercised :

Holding Company	Edelweiss Rural & Corporate Services Limited
Ultimate Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Asset Reconstruction Company Limited Edelcap Securities Limited Ecap Equities Limited Edelweiss Finance & Investments Limited Edelweiss Comtrade Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Gallagher Insurance Brokers Limited Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. August 01, 2018) Edelweiss Agri Value Chain Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. August 01, 2018) ECL Finance Limited Edelweiss Alternative Asset Advisors Limited Edelweiss General Insurance Company Limited Edelweiss Insurance Brokers Limited Edelweiss Global Wealth Management Limited EFSL Trading Limited Edelweiss Finvest Private Limited Edelweiss Metals Limited Edelweiss Asset Management Limited Edelweiss Retail Finance Limited Edel Finance Company Limited EdelGive Foundation Edel Land Limited Edelweiss Finance & Investments Limited (Up to March 26, 2021) Edelweiss Investment Advisors Limited (Up to March 26, 2021) Edelweiss Custodial Services Limited (Up to March 26, 2021) Edelweiss Securities Limited (Up to March 26, 2021) Edelweiss Broking Limited (Up to March 26, 2021)
Fellow Associates (From March 26, 2021)	Edelweiss Finance & Investments Limited Edelweiss Investment Advisors Limited Edelweiss Custodial Services Limited Edelweiss Securities Limited Edelweiss Broking Limited
Independent Director	Mr. P N. Venkatachalam Mr. P Vaidyanathan (w.e.f. Jan 23, 2019 upto Feb 4, 2020) Mrs. Vijayalakshmi Rajaram Iyer (upto Feb 11, 2019) Mr. Sunil Phatarphekar (From April 13, 2020) Mr. Biswamohan Mahapatra (From October 29, 2020)
Key Management Personnel (with whom transactions have taken place)	Mr. Anil Kothuri (upto Aug 7, 2018) Mr. Rajat Avasthi (Managing Director & CEO) (From September 3, 2020), (CEO from October 25, 2018 to September 2, 2020) Mr. Krishnaswamy Siddharth (Executive Director & CRO) (change in designation as Executive Director and CRO w.e.f. Oct 1, 2019 from Non-Executive Director) Mr. Deepak Mittal (Non-Executive Director) (w.e.f. Oct 14, 2019) Mr. Vineet Mahajan (Non-Executive Director) (upto Mar 16, 2020) Ms. Shalinee Mimani (Non-Executive Director) (upto Sep 16, 2019) Mr. Gaurang Tailor (Chief Financial Officer) (upto May 1, 2018) Mr. Amit Kothari (Chief Financial Officer) (w.e.f. May 2, 2018 upto Feb 15, 2019), Mr. Manjeet Bijlani (Chief Financial Officer) (w.e.f. Apr 22, 2019 upto April 14, 2020) Mr. Manish Dhanuka (Chief Financial Officer) (From July 3, 2020) Mr. Ankit Jain (Company Secretary) (upto Dec 21, 2018) Mr. Sagar Tawre (Company Secretary) (w.e.f. Apr 22, 2019 upto Jul 12, 2019) Ms. Riddhi Parekh (Company Secretary) (w.e.f. Jan 3, 2020)

ii. Transactions with related parties :

Nature of Transaction	Related Party Name	**For the year ended March 31, 2021**	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital Account Transactions:				
Equity shares issued to	Edelweiss Financial Services Limited	-	-	500.00
	Edel Finance Company Limited	-	-	1,000.00
Short term loans taken from	*Maximum transaction during the year*			
	Edelweiss Rural & Corporate Services Limited	-	1,806.24	5,984.99
	Edelweiss Retail Finance Limited	-	2,000.00	-
	ECL Finance Limited	**250.00**	-	-
	Volume of transactions during the year			
	Edelweiss Rural & Corporate Services Limited	-	15,496.72	44,695.76
	Edelweiss Retail Finance Limited	-	5,748.00	-
	ECL Finance Limited	**250.00**	-	-
Short term loans repaid to	*Maximum transaction during the year*			
	Edelweiss Rural & Corporate Services Limited	-	1,550.00	6,180.06
	Edelweiss Retail Finance Limited	**13.00**	1,190.00	-
	ECL Finance Limited	**250.00**	-	-
	Volume of transactions during the year			
	Edelweiss Rural & Corporate Services Limited	-	15,497.26	44,890.83
	Edelweiss Retail Finance Limited	**13.00**	5,735.00	-
	ECL Finance Limited	**250.00**	-	-

(Currency : Indian rupees in millions)

43 Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term loans given to	*Maximum transaction during the year*			
	ECL Finance Limited	**1,500.00**	2,500.00	-
	Edelweiss Rural & Corporate Services Limited	**800.00**	-	-
	Edelweiss Retail Finance Limited	**4,000.00**	-	-
	Volume of transactions during the year			
	ECL Finance Limited	**6,010.00**	7,890.00	-
	Edelweiss Rural & Corporate Services Limited	**800.00**	-	-
	Edelweiss Retail Finance Limited	**20,830.00**	-	-
Short term loans repaid by	*Maximum transaction during the year*			
	ECL Finance Limited	**2,000.00**	2,000.00	-
	Edelweiss Retail Finance Limited	**4,000.00**	-	-
	Edelweiss Rural & Corporate Services Limited	**800.00**	-	-
	Volume of transactions during the year			
	ECL Finance Limited	**5,020.00**	7,880.00	-
	Edelweiss Retail Finance Limited	**20,830.00**	-	-
	Edelweiss Rural & Corporate Services Limited	**800.00**	-	-
Loan porfolio purchase under direct assignment	ECL Finance Limited	**1,937.86**	-	4,481.62
	Edelweiss Retail Finance Limited	**1,769.67**	-	-
Security deposit placed with	ECap Equities Limited	**-**	80.00	-
	Edelweiss Rural & Corporate Services Limited	**-**	100.00	-
Loan sold to ARC trust	Edelweiss Asset Reconstruction Company Limited	**26.80**	1,325.00	-
Investment in Security Receipt issued by	Edelweiss Asset Reconstruction Company Limited			
	EARC Trust SC 378	**22.78**	-	-
	EARC Trust SC 401	-	981.75	-
	EARC Trust SC 374	-	62.98	-
Purchase of Securities	ECap Equities Limited	**-**	-	174.75
	ECL Finance Limited	**-**	-	1,622.95
Sale of Securities	ECap Equities Limited	**-**	-	950.00
Purchase of bonds from	ECL Finance Limited	**83.64**	-	-
Sale of bonds to	ECL Finance Limited	**2,144.87**	-	-
Redemption of bonds held in	Edelweiss Retail Finance Limited	**250.00**	-	-
Current Account Transactions:				
Interest Expenses on loan from	Edelweiss Rural & Corporate Services Limited	**-**	53.82	121.71
	Edelweiss Retail Finance Limited	**0.28**	112.07	-
	ECL Finance Limited	**0.50**	-	-
Interest Income on loan to	ECL Finance Limited	**8.39**	14.25	-
	Edelweiss Retail Finance Limited	**32.91**	-	-
	Edelweiss Rural & Corporate Services Limited	**17.21**	-	-
Interest Income on security deposit to	ECap Equities Limited	**9.68**	0.32	-
	Edelweiss Rural & Corporate Services Limited	**12.10**	0.40	-
Interest Expenses on Non convertible Debentures	Edelweiss Rural & Corporate Services Limited	**-**	0.08	0.05
	Edelweiss Finance & Investments Limited	**0.02**	0.02	0.01
	ECL Finance Limited	**3.66**	0.21	-
	Edelweiss Retail Finance Limited	**0.24**	-	-
Interest Income on non convertible debentures	ECL Finance Limited	**18.50**	-	-
	Edelweiss Rural & Corporate Services Limited	**9.56**	-	-
	Edelweiss Retail Finance Limited	**10.85**	-	-
Cost reimbursement paid to	Edelweiss Financial Services Limited	**9.12**	21.16	22.22
	Edelweiss Rural & Corporate Services Limited	**10.00**	13.34	1.14
	Ecap Equities Limited	**0.44**	0.11	1.15
	Edelweiss Securities Limited	**0.66**	1.00	0.14
	Edel Land Limited	**3.03**	-	-
	ECL Finance Limited	**0.09**	-	3.44
	Edelweiss Investment Advisors Limited	**-**	0.94	-
	Edelweiss Retail Finance Limited	**-**	-	9.23
	Edelweiss Global Wealth Management Limited	**-**	-	0.08
	Edelweiss Broking Limited	**-**	-	0.64
	Edelweiss Asset Management Limited	**-**	-	0.01
ESOP cost reimbursement	Edelweiss Financial Services Limited	**1.84**	14.59	5.58
Cost reimbursement received from	ECL Finance Limited	**-**	4.48	6.51
	Edelweiss Broking Limited	**0.17**	0.03	0.17
	Edelweiss Asset Management Limited	**-**	-	0.01
	Edelweiss Business Services Limited	-	-	0.00
	Edelweiss Retail Finance Limited	-	-	0.45
	Edelweiss Rural & Corporate Services Limited	-	-	0.04
	Edelweiss Financial Services Limited	-	-	0.04
	Edelweiss Custodial Services Limited	-	-	0.02
	Edelweiss Securities Limited	-	-	0.04
	Edelweiss Investment Advisors Limited	-	-	0.03
	Edelweiss General Insurance Company Limited	-	-	0.00
Service fee received from	Edelweiss Retail Finance Limited	**0.02**	0.03	0.04
	ECL Finance Limited	**0.11**	0.16	0.12
Service charges paid	Edelweiss Retail Finance Limited	**0.66**	-	-
	ECL Finance Limited	**0.95**	-	-

(Currency : Indian rupees in millions)

43 Related Party Disclosures

Nature of Transaction	Related Party Name	**For the year ended March 31, 2021**	For the year ended March 31, 2020	For the year ended March 31, 2019
Shared premises cost paid to	ECL Finance Limited	**7.42**	11.20	11.54
	Edelweiss Retail Finance Limited	**23.97**	20.01	10.11
	Ecap Equities Limited	**17.14**	17.55	14.50
	Edelweiss Broking Limited	**-**	1.33	1.72
	Edelweiss Securities Limited	**0.01**	0.07	0.34
	Edelweiss Rural & Corporate Services Limited	**14.15**	11.76	10.95
	Edelweiss Asset Management Limited	**0.00**	0.03	0.04
	Edelweiss Comtrade Limited	**-**	0.10	-
	Edelweiss Global Wealth Management Limited	**-**	-	0.39
Shared premises cost received from	Edelweiss Insurance Brokers Limited	**0.03**	-	-
	Edelweiss Custodial Services Limited	**0.18**	0.14	0.05
	Edelweiss Broking Limited	**0.05**	-	0.17
	Edelweiss General Insurance Company Limited	**1.26**	0.08	-
	Edelweiss Financial Services Limited	**-**	-	0.04
	Edelweiss Investment Advisors Limited	**-**	-	0.03
	Edelweiss Securities Limited	**-**	-	0.04
	Edelweiss Retail Finance Limited	**-**	-	0.48
	Edelweiss Asset Management Limited	**-**	-	0.02
	ECL Finance Limited	**-**	-	6.86
Corporate Guarantee support fee paid to	Edel Land Limited	**0.01**	-	11.53
Rating support fees paid to	Edelweiss Financial Services Limited	**0.07**	0.25	0.29
	Edelweiss Rural & Corporate Services Limited	**0.15**	-	-
Risk and reward sharing fee expense	Edelweiss Rural & Corporate Services Limited	**3.50**	0.11	-
	Edelweiss Financial Services Limited	**1.17**	-	-
ARC Management Fee received from	Edelweiss Financial Services Limited	**12.06**	-	-
Professional fees paid to	Edelweiss Rural & Corporate Services Limited	**0.30**	-	-
	Edelweiss Financial Services Limited	**0.06**	-	-
Management Fees paid to	Edelweiss Asset Reconstruction Company Limited	**55.69**	3.02	-
Management Fees received from	Edelweiss Financial Services Limited	**8.05**	-	-
Commission and brokerage paid to	Edelweiss Investment Advisors Limited	**-**	0.71	3.23
Enterprise service charge paid to	Edelweiss Rural & Corporate Services Limited	**-**	55.80	94.70
	Edelweiss Financial Services Limited	**-**	8.36	-
Corporate Cost	Edelweiss Rural & Corporate Services Limited	**44.42**	14.40	-
	Edelweiss Financial Services Limited	**15.01**	17.78	-
Interest paid on non-convertible debentures to	ECL Finance Limited	**-**	-	6.95
	Edelweiss Finance & Investments Limited	**-**	-	0.02
	Ecap Equities Limited	**-**	-	3.00
Director Sitting fees	Mr. P N. Venkatachalam	**0.40**	0.48	0.30
	Mr. Vaidyanathan P	**-**	0.32	0.02
	Sunil Phatarphekar	**0.28**	-	-
	Biswamohan Mahapatra	**0.10**	-	-
	Mrs. Vijayalakshmi Rajaram Iyer	**-**	-	0.24
	Mr. Anil Kothuri	**-**	-	36.84
Remuneration to	Mr. Rajat Avasthi	**9.93**	20.94	4.78
	Mr. Krishnaswamy Siddharth	**2.34**	5.79	-
	Mr. Manjeet Bijlani	**0.73**	7.22	-
	Mr. Sagar Tawre	**-**	0.31	-
	Ms. Riddhi Parekh	**2.05**	0.52	-
	Mr. Manish Dhanuka	**4.49**	-	-
	Mr. Gaurang Tailor	**-**	-	0.25
	Mr. Amit Kothari	**-**	-	4.13
	Mr. Ankit Jain	**-**	-	2.17
Sale of Property, plant and equipment	ECL Finance Limited	**0.03**	0.73	0.26
	Edelweiss Finance & Investments Limited	**0.03**	-	-
	Edelweiss Alternative Asset Advisors Limited	**-**	0.04	0.01
	Edelweiss Asset Reconstruction Company Limited	**-**	0.02	0.02
	Edelweiss Broking Limited	**0.16**	0.17	0.60
	Edel Land Limited	**0.02**	-	-
	Edelweiss Financial Services Limited	**0.01**	0.00	0.04
	Edelweiss Insurance Brokers Limited	**-**	0.02	0.00
	Edelweiss Investment Advisors Limited	**-**	0.01	0.10
	Edelweiss Rural & Corporate Services Limited	**0.07**	1.24	0.14
	Edelweiss Securities Limited	**0.03**	0.09	0.09
	Edelweiss Agri Value Chain Limited	**-**	-	0.05
	Edelweiss Finvest Private Limited	**-**	-	0.00
	Edelweiss Genaral Insurance Company Limited	**-**	-	0.02
	Edelweiss Comtrade Limited	**-**	-	0.02
	Edelweiss Asset Management Limited	**-**	-	0.05
	EdelGive Foundation	**-**	-	0.00
	Edelweiss Custodial Services Limited	**-**	-	0.03
Purchase of Property, plant and equipment	Edelweiss Securities Limited	**0.00**	0.03	0.03
	ECL Finance Limited	**0.01**	0.25	0.15
	Edelweiss Gallagher Insurance Brokers Limited	**0.02**	-	-
	Edelweiss Alternative Asset Advisors Limited	**-**	0.03	0.01
	Edelweiss Broking Limited	**0.07**	0.28	0.12
	Edelweiss Financial Services Limited	**-**	0.02	0.07
	Edelweiss Investment Advisors Limited	**-**	0.02	0.03
	Edelweiss Retail Finance Limited	**0.01**	0.05	0.21
	Edelweiss Rural & Corporate Services Limited	**0.03**	0.07	0.00
	ECap Equities Limited	-	-	0.00
	Edelweiss Agri Value Chain Limited	**-**	-	0.00
	Edelweiss Asset Management Limited	**-**	-	0.06
	Edelweiss Comtrade Limited	**-**	-	0.02
	Edelweiss Global Wealth Management Limited	**-**	-	0.00
Advisory fees earned from	ECL Finance Limited	**33.93**	74.53	169.36
	Edelweiss Retail Finance Limited	**9.00**	-	3.98

(Currency : Indian rupees in millions)

43 Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
CSR expenses paid to	EdelGive Foundation	15.79	21.94	5.00
Amount paid to broker for Cash segment	Edelweiss Securities Limited	193.15	-	-
Amount received from broker for Cash segment	Edelweiss Securities Limited	249.41	-	-
Balances with related party				
Non convertible debentures held by (Face value)	ECL Finance Limited	158.38	24.57	-
	Edelweiss Finance & Investments Limited	0.16	0.16	0.16
	Edelweiss Retail Finance Limited	7.60	-	-
	Edelweiss Rural & Corporate Services Limited	-	-	2.53
Non convertible debentures held in (Face value)	Edelweiss Rural & Corporate Services Limited	72.00	-	-
Short term borrowings from	Edelweiss Retail Finance Limited	-	13.00	-
	Edelweiss Rural & Corporate Services Limited	-	-	0.53
Interest Payable on Short term borrowings to	Edelweiss Retail Finance Limited	-	0.11	-
	Edelweiss Rural & Corporate Services Limited	-	-	0.54
Short term loan given to	ECL Finance Limited	1,000.00	10.00	-
Interest Receivable on Short term borrowings from	ECL Finance Limited	1.57	11.90	-
	Edelweiss Retail Finance Limited	8.14	-	-
	Edelweiss Rural & Corporate Services Limited	3.43	-	-
Security deposit given including accrued interest	ECap Equities Limited	80.91	80.32	-
	Edelweiss Rural & Corporate Services Limited	101.14	100.40	-
Interest accrued but not due on Non convertible debentures held by	Edelweiss Finance & Investments Limited	0.01	0.01	0.01
	Edelweiss Retail Finance Limited	0.52	-	
	ECL Finance Limited	11.29	1.72	-
	Edelweiss Rural & Corporate Services Limited	-	-	0.18
Trade Payables to	Edelweiss Financial Services Limited	1.48	8.61	14.71
	Edelweiss Asset Reconstruction Company Limited	-	0.28	-
	ECL Finance Limited	4.60	4.35	6.68
	Ecap Equities Limited	1.62	1.46	5.16
	Edelweiss Securities Limited	0.01	0.06	0.01
	Edelweiss Retail Finance Limited	1.87	2.15	5.48
	Edelweiss Alternative Asset Advisors Limited	0.90	-	-
	Edelweiss Broking Limited	-	0.01	0.54
	Edelweiss Rural & Corporate Services Limited	8.44	11.89	52.59
	Edelweiss Asset Management Limited	0.00	0.00	0.05
	Edel Land Limited	0.01	-	-
	Edelweiss Investment Advisors Limited	-	-	0.69
	Edelweiss Global Wealth Management Limited	-	-	0.11
Other Payable to	Edelweiss Financial Services Limited	-	14.59	5.58
	Edelweiss Rural & Corporate Services Limited	-	0.04	-
Margin receivable from	Edelweiss Securities Limited	6.00	-	-
Trade Receivables from	ECL Finance Limited	13.56	9.74	6.26
	Edelweiss Financial Services Limited	13.33	0.01	0.04
	Edelweiss Retail Finance Limited	0.61	0.16	0.42
	Edelweiss Broking Limited	0.02	-	-
	Edelweiss Securities Limited	-	0.05	0.07
	Edelweiss Custodial Services Limited	0.02	0.01	0.05
	Edelweiss General Insurance Company Limited	0.15	0.08	0.02
	Edelweiss Comtrade Limited	0.02	0.02	-
	Edelweiss Rural & Corporate Services Limited	2.09	0.10	-
	Edelcap Securities Limited	-	0.00	-
	Edelweiss Finance & Investments Limited	0.02	0.89	-
	Edel Finance Company Limited	-	0.01	-
	Edelweiss Tokio Life Insurance Company Limited	0.00	0.04	-
	Edelweiss Investment Advisors Limited	-	-	0.01
	Edelweiss Asset Management Limited	-	-	0.02
	Edelweiss Broking Limited	-	-	0.06
Other Receivable from	Edelweiss Finance & Investments Limited	-	0.45	-
	ECL Finance Limited	-	4.57	-
	Edelweiss Financial Services Limited	0.90	-	-
Investment in Security Receipts issued by	Edelweiss Asset Reconstruction Company Limited			
	EARC Trust SC 401	931.62	981.75	-
	EARC Trust SC 374	57.84	62.98	-
	EARC Trust SC 378	20.66	-	
Non-fund Based				
Corporate Guarantee taken from	Edelweiss Financial Services Limited	1,890.58	2,384.83	3,106.17
	Edelweiss Rural & Corporate Services Limited	1,890.58	2,384.83	3,106.17
	Edel Land Limited	300.82	-	-
Risk and Rewards Guarantee taken from	Edelweiss Rural & Corporate Services Limited	-	924.59	-
	Edelweiss Financial Services Limited	1,446.13	-	-

Notes:

1 As part of fund based activities, intergroup company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 – Related Party Disclosures, maximum amount of loans given and repaid alongwith the transaction volume are disclosed above. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.

2 Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment, bonus and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.

3 The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.

(Currency : Indian rupees in millions)

44 Leases

44.1. Transition to Ind AS 116 on Lease

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all long-term lease contracts existing on April 1, 2019 using modified retrospective method. The Company recorded the lease liability and the right of use assets at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported as per accounting policies included as part of our financial statement for the year ended March 31, 2019.

Measurement of lease liability	**As at April 1, 2019**
(a) Opening lease commitment disclosed as at March 31, 2019	18.25
(b) Discounted using the lessee's incremental borrowing rate of at the date of initial application	(1.59)
(c) Short Term Lease	-
(d) Low value Lease	-
(e) Change in lease term under Ind AS 116	181.87
(f) Other adjustments (please specify)	-
(g) Lease liability recognised as at 1 April 2019	**198.53**

The change in accounting policy affected the following items in balance sheet as on April 1, 2019

(a) Lease liability	198.53
(b) Right-of-use Asset (ROU)	179.04
(c) Deferred tax	6.81
(d) Net impact on retained earnings as on April 1, 2019 (reduction)	**12.68**

44.2. Set out below are the carrying amounts of right-of-use assets recognised and the movements

	For the year ended March 31, 2021	**For the year ended March 31, 2020**
Balance as at April 1	154.96	179.04
Addition	19.56	17.41
Lease pre-closure	(43.50)	-
Amortisation for the year	(35.93)	(41.49)
Balance as at March 31	**95.09**	**154.96**

44.3. Set out below are the carrying amounts of lease liabilities and the movements

Balance as at April 1	182.61	198.53
Additions/ reversal (net)	19.56	17.41
Interest on lease liabilities	14.88	18.78
Lease pre-closure	(57.13)	-
Repayment of lease obligation	(38.38)	(52.11)
Balance as at March 31	**121.54**	**182.61**

44.4. Amounts recognised in profit or loss:

Amortization of right-of-use assets	35.93	41.49
Interest expense on lease liabilities	14.88	18.78
Reversal of lease pre-closure	(13.63)	-
Total	**37.18**	**60.27**

44.5. Total Cash outflow for leases:

Cash outflow of long term leases	38.38	52.11
Cash outflow of short term leases	0.33	1.30
Total	**38.71**	**53.41**

44.6. Details regarding the contractual maturities of lease liabilities, on an undiscounted basis:

	As at March 31, 2021	**As at March 31, 2020**
Less than 1 year	36.30	50.70
1-3 years	50.05	79.47
3-5 years	40.92	40.23
More than 5 years	22.83	29.49
Total	**150.10**	**199.89**

45 *Cost sharing*

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like, 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 34 and 35 include reimbursements paid and are net of reimbursements received based on the management's best estimates are Rs. 84.35 million (FY 2019-20: Rs. 93.86 million, FY 2018-19: Rs. 72.62 million)

46. Risk Management

(a) Introduction and risk profile

Risk is an inherent part of Company's business activities. When the Company extends a corporate or retail loan, buy or sell securities in market, or offers other products or services, the Company takes on some degree of risk. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its customers and investors and protects the safety and soundness of the Company.

The Company believes that effective risk management requires:

1) Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Company;
2) Ownership of risk identification, assessment, data and management within each of the lines of business and Corporate; and
3) Firmwide structures for risk governance

The Company strives for continual improvement through efforts to enhance controls, ongoing employee training and development and other measures.

(b) Risk Management Structure

The Company 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 monitored primarily by the business risk group. The Company has also established a Risk Committee that is responsible for managing the risk arising out of various business activities.

Company's risk management policy ensures that the margin requirements are conservative to be able to withstand market volatility and scenarios of sharply declining prices. As a result, Company follows conservative lending norms. The Company centralises the risk monitoring systems to monitor it's client's credit exposure which is in addition to the monitoring undertaken by the respective businesses.

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Company’s risk management policies. The Committee holds regular meetings and report to board on its activities.

The audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(c) Risk mitigation and risk culture

The Company's business processes ensure complete independence of functions and a segregation of responsibilities. Credit appraisal & credit control processes, centralised operations unit, independent audit unit for checking compliance with the prescribed policies and approving loans at transaction level as well as our risk management processes and policies allow layers of multiple checks and verifications. Company's key business processes are regularly monitored by the business and/or operation heads. Company's loan approval and administration procedures, collection and enforcement procedures are designed to minimise delinquencies and maximise recoveries.

At all levels of operations, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up–to–date information.

It is the Company’s policy that a monthly briefing is given to the Board of Directors and all other relevant stakeholder on the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

It is the Company’s policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to, that they decide to take on. The Company’s continuous training and development emphasises that employees are made aware of the Company’s risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within it's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees’ annual ratings and remuneration reviews.

46. Risk Management

(d) Types of Risks

The Company's risks are generally categorized in the following risk types:

Risk	Exposure Arising from	Measurement	Management of risk
Credit Risk	Cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging Analysis, Credit Ratings	Credit limits and regular monitoring.
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market Risk	Investments in Governent Securiteis, Treasury Bills, Equity Shares, Futures & Options	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the exposure at an acceptable level, with option of taking Interest Rate Swaps/Futures if deemed necessary.

46.1. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and trade receivables.The Company has a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In case the loans are to be restructured, similar credit assessment process is followed by the Company.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties/Groups (Single Borrowing Limit/Group Borrowing Limit) and for industry concentrations, and by monitoring exposures in relation to such limits.

Credit quality of a customer is assessed based on its credit worthiness and historical dealings with the Company and market intelligence. Outstanding customer receivables are regularly monitored.The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

(a) Impairment Assessment:

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS. Accordingly, the loans are classified into various stages as follows:

Internal rating grade	Internal grading description	Stages
Performing		
High grade	0 dpd and 1 to 30 dpd	Stage I
Standard grade	31 to 90 dpd	Stage II
Non-performing		
Individually impaired	90+ dpd	Stage III

(b) Expected Credit Loss

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Expected Credit Loss (ECL) computation is not driven by any single methodology, however methodology and approach used must reflect the following:

- An unbiased and probability weighted amount that evaluates a range of possible outcomes
- Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;
- Time value of money

While the time value of money element is currently being factored into ECL measurement while discounting cash flows by the Effective Interest Rate (EIR), the objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the first two requirements. This has been achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

(c) Significant increase in credit risk (SICR)

Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets form stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days past due have been identified as accounts where significant increase in credit risk has been observed. These accounts have been classified as Stage 2 assets. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

46.1. Credit Risk

(d) Probability of Default

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the Loans/portfolio and its credit performance. In case of assets where there is a significant increase in credit risk / credit impaired assets, lifetime PD has been applied.

(e) Loss Given Default (LGD)

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. The Loss Given Default (LGD) has been computed with workout methodology. Along with actual recoveries, value of the underlying collateral has been factored in to estimate future recoveries in LGD computation. Workout LGD computation involves the actual recoveries as well as future recoveries (as a part of the workout process) on a particular facility, as a percentage of balance outstanding at the time of Default/Restructuring. The assessment of workout LGD was then performed. Principal outstanding each loan was assessed, which went into the denominator of the LGD calculation. LGD computation has been done for each segment and sub-segment separately.

(f) Exposure at Default (EAD)

The amount which the borrower will owe to the portfolio at the time of default is defined as Exposure at Default (EAD). While the drawn credit line reflects the explicit exposure for the Company, there might be variable exposure that may increase the EAD. These exposures are of the nature where the Company provides future commitments, in addition to the current credit. Therefore, the exposure will contain both on and off balance sheet values. The value of exposure is given by the following formula:

EAD = Drawn Credit Line + Credit Conversion Factor * Undrawn Credit Line

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount

Undrawn Credit Line = Difference between the total amount which the Company has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

(g) Forward looking adjustments

"A measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions."

To fulfil the above requirement Company has incorporated forward looking information into its measurement of ECL. The objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the requirements of unbiased, probability weighted outcomes while taking into account current conditions as well as future economic conditions. This will be achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable. The Company formulates base case view of the future direction of relevant economic variable as well as a representative range of other possible forecast scenario. This involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

46.1. Credit Risk

(h) <u>Data sourcing</u>

The Company is expected to obtain reasonable and supportable information that is available without undue cost or effort. Keeping in mind the above requirement macroeconomic information was aggregated from various research database like Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database etc. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters.

(i) <u>Probability weighted scenario creations:</u>

To incorporate macroeconomic impact into probability-weighted, each scenario has an associated probability. In order to ensure consistency across macroeconomic models, these probabilities were calculated at an overall level for both Retail and Non-Retail portfolios, considering the impact of a scenario across different portfolios may differ based on endogenous factors, the probability of a scenario unfolding is purely exogenous, and hence should not vary.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationship between marco-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assess have been developed based on analysing historical data over the past years.

(j) Impact of COVID-19

The COVID-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Indian Government too has imposed lockdowns starting from March 24, 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of COVID-19 cases. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic , including the current "second wave" on Company's results, including credit quality and provisions, gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government, RBI and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Company liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of loans, receivables, deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

(Currency : Indian rupees in millions)

46.1.1. Risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Company's internal credit assessment system and year-end stage classification are further disclosed in Note 10.

Industry analysis

As at March 31, 2021	Financial services	Retail - Housing	Retail - Non Housing	Construction	Total
Financial assets					
Cash and cash equivalent and other bank balances	**10,291.11**	**-**	**-**	**-**	**10,291.11**
Securities held for trading	**155.83**	**-**	**-**	**-**	**155.83**
Trade receivables	**104.02**	**-**	**-**	**-**	**104.02**
Loans	**1,516.31**	**20,474.41**	**12,779.91**	**1,187.96**	**35,958.59**
Investments	**1,600.86**	**-**	**-**	**-**	**1,600.86**
Other financial assets	**916.75**	**-**	**-**	**-**	**916.75**
	14,584.88	**20,474.41**	**12,779.91**	**1,187.96**	**49,027.16**
Loan Commitments	**-**	**1,216.08**	**65.18**	**-**	**1,281.26**
Total	**14,584.88**	**21,690.49**	**12,845.09**	**1,187.96**	**50,308.42**

As at March 31, 2020	Financial services	Retail - Housing	Retail - Non Housing	Construction	Total
Financial assets					
Cash and cash equivalent and other bank balances	5,668.48	-	-	-	5,668.48
Trade receivables	58.46	-	-	-	58.46
Loans	21.90	25,931.54	16,265.16	982.02	43,200.62
Investments	1,044.73	-	-	-	1,044.73
Other financial assets	244.92	-	-	-	244.92
	7,038.49	25,931.54	16,265.16	982.02	50,217.21
Loan Commitments	-	367.95	81.25	35.00	484.19
Total	7,038.49	26,299.49	16,346.41	1,017.02	50,701.40

As at March 31, 2019	Financial services	Retail - Housing	Retail - Non Housing	Construction	Total
Financial assets					
Cash and cash equivalent and other bank balances	673.82	-	-	-	673.82
Trade receivables	8.49	-	-	-	8.49
Loans	-	29,630.91	21,119.14	2,848.95	53,599.01
Investments	-	-	-	-	-
Other financial assets	62.86	-	-	-	62.86
	745.17	29,630.91	21,119.14	2,848.95	54,344.18
Loan Commitments	-	730.78	73.55	712.88	1,517.21
Total	745.17	30,361.69	21,192.69	3,561.83	55,861.39

(Currency : Indian rupees in millions)

46.1.2. Collateral held and other credit enhancements

(a) The tables on the following pages show the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral:

	Maximum exposure to credit risk (carrying amount before ECL)			**Principal type of collateral**
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	
Financial assets				
Loans (at amortised cost):				
Retail Loans	**34,718.61**	42,871.99	51,813.15	Property; book receivables
Wholesale Loan	**218.48**	709.00	2,072.85	Property; book receivables
Total (A)	**34,937.08**	43,580.99	53,886.00	
Loan commitments	**1,281.26**	484.19	1,517.21	Property; book receivables
Total (B)	**1,281.26**	484.19	1,517.21	
Total (A + B)	**36,218.34**	44,065.18	55,403.21	

(b) **Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:**

As at March 31, 2021

	Maximum exposure to credit risk (carrying amount before ECL)	**Associated ECL**	**Carrying amount**	**Fair value of collateral**
Financial assets				
Retail Loan	**1,275.82**	**129.86**	**1,145.96**	**1,850.70**
Wholesale Loan	-	-	-	-
Total (A)	**1,275.82**	**129.86**	**1,145.96**	**1,850.70**
Loan commitments (Retail)	**13.98**	**1.40**	**12.58**	**20.28**
Total (B)	**13.98**	**1.40**	**12.58**	**20.28**
Total (A + B)	**1,289.80**	**131.26**	**1,158.54**	**1,870.98**

As at March 31, 2020

Financial assets				
Retail Loan	738.39	107.60	630.80	3,012.46
Wholesale Loan	22.18	2.81	19.37	90.00
Total (A)	760.57	110.41	650.17	3,102.46
Loan commitments	2.38	0.19	2.20	9.69
Total (B)	2.38	0.19	2.20	9.69
Total (A + B)	762.95	110.60	652.37	3,112.15

As at March 31, 2019

Financial assets				
Retail Loans	982.91	139.02	843.89	1,405.34
Total (A)	982.91	139.02	843.89	1,405.34
Loan commitments	84.45	1.87	82.59	120.74
Total (B)	84.45	1.87	82.59	120.74
Total (A + B)	1,067.36	140.89	926.48	1,526.08

(Currency : Indian rupees in millions)

46.1.3. Overview of modified and forborne loans

The table below includes assets that were modified and, therefore, treated as forborne during the year, with the related modification gain / (loss) suffered by the Company.

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020	For the year ended March 31, 2019
Amortised costs of financial assets modified during the year	**241.29**	-	-
Net modification gain / (loss)	**12.54**	-	-

46.1.4. Transfer of financial assets

(a) Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

	As at March 31, 2021	As at March 31, 2020	For the year ended March 31, 2019
Securitisations			
Carrying amount of transferred assets *(held as Collateral)*	**5,339.87**	3,591.91	-
Carrying amount of associated liabilities	**5,288.95**	3,564.76	-
Fair value of assets	**5,588.36**	3,591.91	-
Fair value of associated liabilities	**5,288.95**	3,564.76	-
Net position at FV	**299.41**	27.15	-

(Currency : Indian rupees in millions)

46.2. Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

The company has financing arrangement from banks/ financial institutions in form of committed credit lines.

46.2.1. Analysis of non-derivative financial assets and liabilities by remaining contractual maturities

As at March 31, 2021	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	1,972.39	7,484.66	-	-	-	26.51	790.24	-	17.31	-	10,291.11
Securities held for trading	-	65.72	-	-	-	90.11	-	-	-	-	155.83
Trade receivables	-	-	-	104.02	-	-	-	-	-	-	104.02
Loans	-	573.41	203.95	878.57	1,146.76	2,571.99	6,045.49	16,906.17	7,120.66	29,818.88	65,265.88
Investments	-	-	-	-	-	-	-	-	-	1,600.86	1,600.86
Other financial assets	-	-	242.61	64.56	205.33	-	8.40	30.00	-	365.84	916.75
Total undiscounted financial assets	**1,972.39**	**8,123.79**	**446.56**	**1,047.15**	**1,352.09**	**2,688.61**	**6,844.13**	**16,936.17**	**7,137.97**	**31,785.58**	**78,334.45**
B. Financial Liabilities											
Trade payables	-	-	-	72.28	-	-	-	-	-	-	72.28
Debt securities	-	2.02	268.90	57.38	83.44	1,330.70	3,057.41	3,386.38	1,082.88	6,328.96	15,598.07
Borrowings (other than debt securities)	-	1,200.00	135.86	794.98	2,315.86	1,984.47	4,197.87	12,347.27	2,042.56	623.99	25,642.86
Subordinated financial liabilities	-	-	-	-	-	-	56.25	112.50	561.18	-	729.93
Other financial liabilities	-	271.09	938.20	81.93	157.91	235.69	476.15	1,622.71	304.56	2,284.90	6,373.14
Total undiscounted financial liabilities	**-**	**1,473.11**	**1,342.96**	**1,006.57**	**2,557.21**	**3,550.86**	**7,787.68**	**17,468.86**	**3,991.18**	**9,237.85**	**48,416.28**
Net financial assets / (liabilities)	**1,972.39**	**6,650.68**	**(896.40)**	**40.58**	**(1,205.12)**	**(862.25)**	**(943.55)**	**(532.69)**	**3,146.79**	**22,547.73**	**29,918.17**

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2021 is Rs. 1,400.70 million.

46.2.2. The table below shows the expexted maturity of the Company's loan commitments

Undrawn loan commitments	-	1,207.83	11.30	15.60	7.35	16.44	13.05	9.69	-	-	1,281.26
Total	**-**	**1,207.83**	**11.30**	**15.60**	**7.35**	**16.44**	**13.05**	**9.69**	**-**	**-**	**1,281.26**

(Currency : Indian rupees in millions)

46.2. Liquidity Risk

As at March 31, 2020	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	745.40	4,183.76	-	-	47.23	72.41	581.61	20.61	17.46	-	5,668.48
Trade receivables	-	-	-	58.46	-	-	-	-	-	-	58.46
Loans	-	633.37	268.75	1,027.86	1,420.80	5,684.97	6,105.55	14,912.45	9,919.03	39,104.01	79,076.79
Investments	-	-	-	-	-	-	-	-	-	1,044.73	1,044.73
Other financial assets	-	-	-	-	-	-	6.79	238.13	-	-	244.92
Total undiscounted financial assets	745.40	4,817.13	268.75	1,086.32	1,468.03	5,757.38	6,693.95	15,171.19	9,936.49	40,148.74	86,093.38
B. Financial Liabilities											
Trade payables	-	-	-	85.37	-	-	-	-	-	-	85.37
Debt securities	-	-	12.37	139.80	564.32	233.55	739.23	5,192.59	1,096.61	7,117.42	15,095.89
Borrowings (other than debt securities)	13.11	-	194.82	317.23	2,418.28	2,578.63	5,377.41	16,027.43	5,759.21	929.60	33,615.72
Subordinated financial liabilities	-	-	-	-	-	-	56.25	112.50	112.50	505.09	786.34
Other financial liabilities	-	206.95	190.13	60.08	82.42	184.55	334.64	786.76	270.42	1,832.85	3,948.80
Total undiscounted financial liabilities	13.11	206.95	397.32	602.48	3,065.02	2,996.73	6,507.53	22,119.28	7,238.74	10,384.96	53,532.12
Net financial assets / (liabilities)	732.29	4,610.18	(128.57)	483.84	(1,596.99)	2,760.65	186.42	(6,948.09)	2,697.75	29,763.78	32,561.26

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2020 is Rs. 1,820 million.

46.2.2. The table below shows the expexted maturity of the Company's loan commitments

Undrawn loan commitments	-	280.89	64.30	37.30	17.68	36.58	28.37	19.07	-	-	484.19
Total	-	280.89	64.30	37.30	17.68	36.58	28.37	19.07	-	-	484.19

(Currency : Indian rupees in millions)

46.2. Liquidity Risk

As at March 31, 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	593.60	-	-	-	-	23.77	40.11	-	16.34	-	673.82
Trade receivables	-	-	8.49	-	-	-	-	-	-	-	8.49
Loans	-	847.64	468.94	1,585.97	2,021.77	4,501.13	8,768.51	14,107.62	12,873.06	57,994.46	1,03,169.11
Investments	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	5.99	56.87	-	-	62.86
Total undiscounted financial assets	593.60	847.64	477.43	1,585.97	2,021.77	4,524.90	8,814.61	14,164.49	12,889.39	57,994.46	1,03,914.27
B. Financial Liabilities											
Trade payables	-	-	-	-	-	224.26	-	-	-	-	224.26
Other payables	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	470.46	122.12	57.22	83.17	1,084.64	220.28	4,781.36	4,095.59	7,573.76	18,488.60
Borrowings (other than debt securities)	0.53	-	213.75	338.01	2,350.68	2,922.38	5,999.86	16,241.11	7,812.04	2,330.17	38,208.54
Deposits	-	-	-	-	-	-	-	-	-	-	-
Subordinated financial liabilities	-	-	-	-	-	-	56.20	112.70	112.70	569.80	851.40
Other financial liabilities	-	-	-	1,419.30	-	-	-	-	-	-	1,419.30
Total undiscounted financial liabilities	0.53	470.46	335.87	1,640.08	2,433.85	4,231.28	6,276.34	21,135.17	12,020.33	10,473.74	59,017.65
Net financial assets / (liabilities)	593.07	377.18	141.57	(54.11)	(412.09)	293.62	2,538.27	(6,970.68)	869.07	47,520.72	44,896.62

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2019 is Rs. 2927.60 million.

46.2.2. The table below shows the expexted maturity of the Company's loan commitments

	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Undrawn loan commitments	-	-	-	-	-	-	1,517.21	-	-	-	1,517.21
Total	-	-	-	-	-	-	1,517.21	-	-	-	1,517.21

(Currency : Indian rupees in millions)

46.2. Liquidity Risk

46.2.3. Financial assets available to support future funding

Following table sets out the availability of Company's financial assets to support funding

As at March 31, 2021	**Encumbered**		**Unencumbered**		**Total carrying amount**
	Pledge as collateral	**Contractually/ legally restricted assets [1]**	**Available as collateral**	**others [2]**	
Cash and cash equivalent including bank balance	**9,463.05**	**828.06**	**-**	**-**	**10,291.11**
Securities held for trading	**155.83**	**-**	**-**	**-**	**155.83**
Trade receivables	**104.02**	**-**	**-**	**-**	**104.02**
Loans	**29,106.20**	**6,294.15**	**558.24**	**-**	**35,958.59**
Investments	**-**	**1,600.86**	**-**	**-**	**1,600.86**
Property, Plant and Equipment	**1.21**	**-**	**-**	**-**	**1.21**
Other financial assets	**166.58**	**365.84**	**384.33**	**-**	**916.75**
Total assets	**38,996.89**	**9,088.92**	**942.57**	**-**	**49,028.37**

As at March 31, 2020	Encumbered		Unencumbered		Total carrying amount
	Pledge as collateral	Contractually/ legally restricted assets [1]	Available as collateral	others [2]	
Cash and cash equivalent including bank balance	5,628.39	40.09	0.00	-	5,668.48
Trade receivables	-	-	58.46	-	58.46
Loans	37,714.82	4,513.33	972.47	-	43,200.62
Investments	-	1,044.73	-	-	1,044.73
Property, Plant and Equipment	1.21	-	-	-	1.21
Other financial assets	-	-	-	-	-
Total assets	43,344.42	5,598.15	1,030.93	-	49,973.50

As at March 31, 2019	Encumbered		Unencumbered		Total carrying amount
	Pledge as collateral	Contractually/ legally restricted assets 1	Available as collateral	others 2	
Cash and cash equivalent including	38.88	40.04	594.89	-	673.82
Trade receivables	-	-	8.49	-	8.49
Loans	50,765.70	-	2,833.31	-	53,599.01
Investments	-	-	-	-	-
Property, Plant and Equipment	1.21	-	-	-	1.21
Other financial assets	-	-	-	-	-
Total assets	50,805.79	40.04	3,436.69	-	54,282.53

1 Represents assets which are not pledged and the Company believes it is restricted from using to secure funding for legal or other reason

2 Represents assets which are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business

(Currency : Indian rupees in millions)

46.3. Market Risk

Market risk is the risk associated with the effect of changes in market factors such as interest rates, equity prices, credit spreads or implied volatilities, on the value of assets and liabilities held resulting in loss of future earnings. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters. The Company separates its exposure to market risks between trading and non-trading portfolios.

Exposure to market risk – Non trading portfolios

Interest rate risk - The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

ALCO is the monitoring body for compliance with these limits. ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. Balance Sheet Management Unit is in-charge for day to day management of interest rate risk.

46.3.1 Market risk exposure

The fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company classifies its exposures to market risk into non–trading portfolios.

Particulars	**As at March 31, 2021**			As at March 31, 2020			As at March 31, 2019			Primary risk sensitivity
	Carrying amount	**Traded risk**	**Non-traded risk**	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Financial Assets										
Cash and cash equivalent and other bank balances	**10,291.11**	**-**	**10,291.11**	5,668.48	-	5,668.48	673.82	-	673.82	Interest rate
Securities held for trading	**-**	**155.83**	**155.83**	-	-	-	53,599.01	-	53,599.01	Interest rate / Price risk
Loans	**35,958.59**	**-**	**35,958.59**	43,200.62	-	43,200.62	-	-	-	Interest rate
Investments	**1,600.86**	**-**	**1,600.86**	1,044.73	-	1,044.73	8.49	-	8.49	Interest rate
Trade receivables	**104.02**	**-**	**104.02**	58.46	-	58.46	62.86	-	62.86	
Other financial assets	**916.75**	**-**	**916.75**	244.92	-	244.92				
Total	**48,871.33**	**155.83**	**49,027.16**	50,217.21	-	50,217.21	54,344.18	-	54,344.18	
Financial Liabilities										
Debt securities	**11,676.75**	**-**	**11,676.75**	10,091.57	-	10,091.57	12,582.50	-	12,582.50	Interest rate
Borrowings (other than Debt Securities)	**22,628.38**	**-**	**22,628.38**	27,992.02	-	27,992.02	31,634.95	-	31,634.95	Interest rate
Subordinated liabilities	**508.61**	**-**	**508.61**	508.61	-	508.61	508.48	-	508.48	Interest rate
Trade payables	**72.28**	**-**	**72.28**	85.37	-	85.37	224.26	-	224.26	
Other liabilities	**6,373.14**	**-**	**6,373.14**	3,948.80	-	3,948.80	1,419.30	-	1,419.30	Interest rate
Total	**41,259.16**	**-**	**41,259.16**	42,626.37	-	42,626.37	46,369.49	-	46,369.49	

(Currency : Indian rupees in millions)

46.3. Market Risk

46.3.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held as at year end.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

INR Loans

For the year ended	Increase/ (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax	Increase in Equity	(Decrease) in Equity
INR Loans					
March 31, 2021	25/(25)	35.74	(35.74)	35.74	(35.74)
March 31, 2020	25/(25)	45.46	(45.46)	45.46	(45.46)
March 31, 2019	25/(25)	52.52	(52.52)	52.52	(52.52)
INR Borrowings					
March 31, 2021	25/(25)	(40.05)	40.05	(40.05)	40.05
March 31, 2020	25/(25)	(50.97)	50.97	(50.97)	50.97
March 31, 2019	25/(25)	(49.76)	49.76	(49.76)	49.76

(Currency : Indian rupees in millions)

47.1. Fair Value measurement:

A. Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that company can access at the measurement date.

Level 2 – valuation technique using observable inputs:Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

Refer note 3.11 for more details on fair value hierarchy

B. Valuation governance framework

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

The responsibility of ongoing measurement resides with the business and product line divisions. However finance department is also responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards.

C. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

As at March 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis				
Other financial assets				
Security receipts	-	-	1,600.86	1,600.86
Total financial instruments measured at fair value - C	**-**	**-**	**1,600.86**	**1,600.86**

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Other financial assets				
Security receipts	-	-	1,044.73	1,044.73
Total financial instruments measured at fair value - C	-	-	1,044.73	1,044.73

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Other financial assets				
Security receipts	-	-	-	-
Total financial instruments measured at fair value - C	-	-	-	-

D. Valuation techniques:

Security receipts

The market for these securities is not active. Therefore, the Company uses valuation techniques to measure their fair values. Since the security receipts are less liquid instruments therefore they are valued by discounted cash flow models. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers. Securities receipts with significant unobservable valuation inputs are classified as Level 3

(Currency : Indian rupees in millions)

47.1. Fair Value measurement:

E. There have been no transfers between levels during the year ended March 31, 2021, March 31, 2020 and March 31, 2019.

F. The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Financial year ended March 2021	Security receipts	Total
Investments - at April 1, 2020	**1,044.73**	**1,044.73**
Purchase	613.53	613.53
Sale/Redemption proceeds	(57.40)	(57.40)
Profit for the year recognised in profit or loss	-	-
Investments - at March 31, 2021	**1,600.86**	**1,600.86**
Unrealised gain/(Loss) related to balances held at the end of the year	-	-

Financial year ended March 2020	Security receipts	Total
Investments - at April 1, 2019	-	-
Purchase	1,044.88	1,044.88
Sale/Redemption proceeds	(0.14)	(0.14)
Profit for the year recognised in profit or loss	-	-
Investments - at March 31, 2020	1,044.73	1,044.73
Unrealised gain/(Loss) related to balances held at the end of the year	-	-

Financial year ended March 2019	Security receipts	Total
Investments - at April 1, 2018	-	-
Purchase	-	-
Sale/Redemption proceeds	-	-
Investments - at March 31, 2019	-	-
Unrealised gain/(Loss) related to balances held at the end of the year	-	-

(Currency : Indian rupees in millions)

47.1. Fair Value measurement:

G. Impact on fair value of level 3 financial instrument of changes to key unobservable inputs

The below table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 Instruments i.e. Securities receipts. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

Type of Financial Instruments	Fair value of asset as on 31 March 2021	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	1,600.86	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	1,881.22	5% increase in Expected future Cash flow	78.41	5% Decrease in Expected future Cash flow	(78.41)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(7.11)	0.5% Decrease in Risk-adjusted discount rate	7.18

Type of Financial Instruments	Fair value of asset as on 31 March 2020	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	1,044.73	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	1,317.72	5% increase in Expected future Cash flow	56.47	5% Decrease in Expected future Cash flow	(56.47)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(4.64)	0.5% Decrease in Risk-adjusted discount rate	4.69

Type of Financial Instruments	Fair value of asset as on 31 March 2019	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	-	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	-	5% increase in Expected future Cash flow	-	5% Decrease in Expected future Cash flow	-
			Risk-adjusted discount rate	-	0.5% increase in Risk-adjusted discount rate	-	0.5% Decrease in Risk-adjusted discount rate	-

(Currency : Indian rupees in millions)

47.2. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analysing them by the level in the fair value hierarchy into which each fair value measurement is categorised.

As on March 31, 2021	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
Financial assets:					
Loans	**35,958.59**	**37,150.32**	**-**	**-**	**37,150.32**
Total	**35,958.59**	**37,150.32**	**-**	**-**	**37,150.32**
Financial liabilities					
Debt securities	**11,676.75**	**11,952.14**	**-**	**11,952.14**	**-**
Borrowing (other than debt securities)	**2,540.58**	**2,592.38**	**-**	**2,592.38**	**-**
Subordinated liabilities	**508.61**	**508.44**	**-**	**508.44**	**-**
Total	**14,725.94**	**15,052.97**	**-**	**15,052.97**	**-**
Off-balance sheet items					
Loan commitments	**1,281.26**	**640.63**	**-**	**-**	**640.63**
Total	**1,281.26**	**640.63**	**-**	**-**	**640.63**
As on March 31, 2020					
Financial assets:					
Loans	43,200.62	44,884.56	-	-	44,884.56
Total	43,200.62	44,884.56	-	-	44,884.56
Financial liabilities					
Debt securities	10,091.57	10,367.03	-	10,367.03	-
Borrowing (other than debt securities)	2,384.83	2,397.47	-	2,397.47	-
Subordinated liabilities	508.61	556.74	-	556.74	-
Total	12,985.01	13,321.24	-	13,321.24	-
Off-balance sheet items					
Loan commitments	484.19	242.10	-	-	242.10
Total	484.19	242.10	-	-	242.10
As on March 31, 2019					
Financial assets:					
Loans	53,599.01	54,647.65	-	-	54,647.65
Total	53,599.01	54,647.65	-	-	54,647.65
Financial liabilities					
Debt securities	12,582.50	12,700.30	-	12,700.30	-
Borrowing (other than debt securities)	3,106.17	3,122.47	-	3,122.47	-
Subordinated liabilities	508.48	556.55	-	556.55	-
Total	16,197.15	16,379.32	-	16,379.32	-
Off-balance sheet items					
Loan commitments	1,517.21	758.61	-	-	758.61
Total	1,517.21	758.61	-	-	758.61

Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: Trade receivables, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Financial assets at amortised cost

The fair values of financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk. In case of floating interest rate linked loans, since such loans are subject to repricing periodically (less than twelve months), with the interest rate reflecting current market price. Hence carrying value of such loans is deemed to be equivalent of fair value.

Issued Debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk.

Financial liabilities at amortised cost

The fair values of financial liabilities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields. In case of floating interest rate linked borrowings, since such borrowings are subject to repricing periodically (less than twelve months), with the interest rate reflecting current market price. Hence carrying value of such borrowings is deemed to be equivalent of fair value.

(Currency : Indian rupees in millions)

48. Trade receivables

Provision matrix for Trade receivables

Particulars	Trade receivables days past due	1-90days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		2.17%	11.67%	48.80%	100.00%	
As at March 31, 2021	Estimated total gross carrying amount at default	**104.36**	**0.00**	**3.75**	**0.10**	**108.21**
	ECL - Simplified approach	**(2.26)**	**0.00**	**(1.83)**	**(0.10)**	**(4.19)**
	Net carrying amount	**102.10**	**-**	**1.92**	**-**	**104.02**
As at March 31, 2020	Estimated total gross carrying amount at default	11.42	0.33	0.81	0.10	12.66
	ECL - Simplified approach	(0.01)	(0.00)	(0.14)	(0.10)	(0.26)
	Net carrying amount	11.41	0.33	0.67	-	12.40
As at March 31, 2019	Estimated total gross carrying amount at default	7.62	0.16	0.22	0.57	8.56
	ECL - Simplified approach	-	-	-	(0.07)	(0.07)
	Net carrying amount	7.62	0.16	0.22	0.50	8.49

(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

Nature of security and terms of repayment for secured borrowings (other than debentures):
All secured long term borrowings are secured by way of hypothecation of receivables i.e. loans and advances and corporate guarantee from the ultimate holding company and/or holding company.

(a) From Banks
As at March 31, 2021

Month of Maturity / Repayment	Rate of Interest		Total
	< 10%	10.01-11.00%	
December-2024	739.63	-	739.63
September-2024	72.90	-	72.90
June-2024	762.08	-	762.08
March-2024	506.74	-	506.74
December-2023	1,253.58	-	1,253.58
September-2023	901.41	-	901.41
June-2023	1,645.08	-	1,645.08
March-2023	1,005.90	-	1,005.90
December-2022	1,879.47	-	1,879.47
September-2022	1,266.24	-	1,266.24
June-2022	1,919.43	-	1,919.43
March-2022	1,280.25	-	1,280.25
December-2021	1,919.43	-	1,919.43
September-2021	1,499.55	-	1,499.55
June-2021	2,180.00	-	2,180.00
Total	**18,831.69**	**-**	**18,831.69**

(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(a) From Banks
As at March 31, 2020

Month of Maturity / Repayment	Rate of Interest		Total
	< 10%	10.01-11.00%	
February-2025	-	35.71	35.71
December-2024	697.92	-	697.92
November-2024	-	35.71	35.71
September-2024	72.92	-	72.92
August-2024	-	35.71	35.71
June-2024	747.92	-	747.92
May-2024	-	35.71	35.71
March-2024	226.32	-	226.32
February-2024	-	35.71	35.71
December-2023	852.12	-	852.12
November-2023	-	35.71	35.71
September-2023	595.54	-	595.54
August-2023	-	35.71	35.71
June-2023	1,283.04	-	1,283.04
May-2023	-	35.71	35.71
March-2023	1,001.79	-	1,001.79
February-2023	-	35.71	35.71
December-2022	1,744.06	-	1,744.06
November-2022	-	35.71	35.71
September-2022	1,276.14	-	1,276.14
August-2022	-	35.71	35.71
June-2022	1,901.14	-	1,901.14
May-2022	-	35.71	35.71
March-2022	1,276.14	-	1,276.14
February-2022	-	35.71	35.71
December-2021	1,901.14	-	1,901.14
November-2021	-	35.71	35.71
September-2021	1,276.14	-	1,276.14
August-2021	-	35.71	35.71
June-2021	1,901.14	-	1,901.14
May-2021	-	35.71	35.71
March-2021	1,613.21	35.90	1,649.11
February-2021	33.33	35.71	69.05
December-2020	1,619.89	35.71	1,655.60
November-2020	33.33	35.71	69.05
September-2020	1,794.47	35.71	1,830.18
August-2020	80.21	35.71	115.92
June-2020	1,888.65	35.71	1,924.36
May-2020	80.21	35.71	115.92
Total	23,896.73	857.32	24,754.05

(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(a) From Banks
As at March 31, 2019

Month of Maturity / Repayment	Rate of Interest		Total
	< 10%	10.01-11.00%	
February-2025	35.71	-	35.71
December-2024	72.92	-	72.92
November-2024	35.71	-	35.71
September-2024	72.92	-	72.92
August-2024	35.71	-	35.71
June-2024	72.92	-	72.92
May-2024	35.71	-	35.71
March-2024	184.13	-	184.13
February-2024	35.71	-	35.71
December-2023	184.93	-	184.93
November-2023	35.71	-	35.71
September-2023	553.35	-	553.35
August-2023	35.71	-	35.71
June-2023	615.85	-	615.85
May-2023	35.71	-	35.71
March-2023	959.60	-	959.60
February-2023	37.28	-	37.28
December-2022	1,076.88	-	1,076.88
November-2022	37.28	-	37.28
September-2022	1,233.95	-	1,233.95
August-2022	37.28	-	37.28
June-2022	1,233.95	-	1,233.95
May-2022	37.28	-	37.28
March-2022	1,233.95	-	1,233.95
February-2022	37.28	-	37.28
December-2021	1,233.95	-	1,233.95
November-2021	37.28	-	37.28
September-2021	1,258.95	-	1,258.95
August-2021	92.49	-	92.49
July-2021	8.33	-	8.33
June-2021	1,258.95	-	1,258.95
May-2021	92.49	-	92.49
April-2021	8.33	-	8.33
March-2021	1,631.92	-	1,631.92
February-2021	125.82	-	125.82
January-2021	8.33	-	8.33
December-2020	1,638.40	-	1,638.40
November-2020	125.82	-	125.82
October-2020	8.33	-	8.33
September-2020	1,812.98	-	1,812.98
August-2020	125.82	-	125.82
July-2020	8.33	-	8.33
June-2020	1,932.16	-	1,932.16
May-2020	125.82	-	125.82
April-2020	8.33	-	8.33
March-2020	1,963.23	-	1,963.23
February-2020	125.82	-	125.82
January-2020	8.33	-	8.33
December-2019	1,969.66	-	1,969.66
November-2019	125.82	-	125.82
October-2019	8.33	-	8.33
September-2019	2,062.85	-	2,062.85
August-2019	125.82	-	125.82
July-2019	8.33	-	8.33
June-2019	2,000.91	-	2,000.91
May-2019	125.82	-	125.82
April-2019	8.33	-	8.33
Total	28,043.53	-	28,043.53

*Excluding of interest accrued and EIR Impact

(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(b) From The National Housing Bank
As at March 31, 2021

Month of Maturity / Repayment	Rate of Interest				Total
	<6.5%	6.5% to <=8.50%	8.51% to 9.5%	>9.50%	
October-2030	-	10.61	-	-	10.61
July-2030	-	19.80	-	-	19.80
April-2030	-	19.80	-	-	19.80
January-2030	-	19.80	-	-	19.80
October-2029	-	19.80	-	-	19.80
July-2029	-	20.15	-	-	20.15
April-2029	-	24.81	-	-	24.81
January-2029	-	33.06	-	-	33.06
October-2028	-	33.20	-	-	33.20
July-2028	-	33.20	-	-	33.20
April-2028	-	33.20	-	-	33.20
January-2028	-	33.20	-	-	33.20
October-2027	-	33.20	-	-	33.20
July-2027	-	33.20	-	-	33.20
April-2027	-	33.20	-	-	33.20
January-2027	-	33.20	-	-	33.20
October-2026	-	33.20	-	-	33.20
July-2026	-	33.20	-	-	33.20
April-2026	-	33.20	-	-	33.20
January-2026	-	33.20	-	-	33.20
October-2025	-	33.20	-	-	33.20
July-2025	27.30	33.20	-	-	60.50
April-2025	30.50	33.20	-	-	63.70
January-2025	31.45	33.20	-	-	64.65
October-2024	31.95	33.20	-	-	65.15
July-2024	39.97	33.20	-	-	73.17
April-2024	41.21	33.20	-	-	74.41
January-2024	41.21	33.20	-	-	74.41
October-2023	41.21	33.20	-	-	74.41
July-2023	41.21	33.20	-	-	74.41
April-2023	41.21	33.20	5.99	-	80.40
January-2023	41.21	33.20	7.24	-	81.64
October-2022	41.21	33.20	7.24	-	81.64
July-2022	42.19	33.20	7.24	-	82.62
April-2022	44.60	33.20	7.24	-	85.03
January-2022	44.60	33.20	7.24	-	85.03
October-2021	44.60	33.20	7.24	-	85.03
July-2021	44.60	33.20	7.24	-	85.03
May-2021	650.00	-	-	-	650.00
Total	**1,320.23**	**1,163.83**	**56.67**	**-**	**2,540.66**

(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(b) From The National Housing Bank
As at March 31, 2020

Month of Maturity / Repayment	Rate of Interest				Total
	<6.5%	6.5% to <=8.50%	8.51% to 9.5%	>9.50%	
October-2031	-	-	-	9.4	9.40
July-2031	-	-	-	20.22	20.22
April-2031	-	-	-	20.66	20.66
January-2031	-	-	-	20.66	20.66
October-2030	-	-	-	20.66	20.66
July-2030	-	-	-	20.66	20.66
April-2030	-	-	6.74	20.66	27.40
January-2030	-	-	12.74	20.66	33.40
October-2029	-	-	12.74	20.66	33.40
July-2029	-	-	12.74	20.66	33.40
April-2029	-	-	12.74	20.66	33.40
January-2029	-	-	12.74	20.66	33.40
October-2028	-	-	12.74	20.66	33.40
July-2028	-	-	12.74	20.66	33.40
April-2028	-	-	12.74	20.66	33.40
January-2028	-	-	12.74	20.66	33.40
October-2027	-	-	12.74	20.66	33.40
July-2027	-	-	12.74	20.66	33.40
April-2027	-	-	12.74	20.66	33.40
January-2027	-	-	12.74	20.66	33.40
October-2026	-	-	12.74	20.66	33.40
July-2026	-	-	12.74	20.66	33.40
April-2026	-	-	12.74	20.66	33.40
January-2026	-	-	12.74	20.66	33.40
October-2025	-	-	12.74	20.66	33.40
July-2025	27.30	-	12.74	20.66	60.70
April-2025	30.50	-	12.74	20.66	63.90
January-2025	31.45	-	12.74	20.66	64.85
October-2024	31.95	0.37	12.74	20.66	65.72
July-2024	39.97	0.48	12.74	20.66	73.85
April-2024	41.21	0.48	12.74	20.66	75.09
January-2024	41.21	0.48	12.74	20.66	75.09
October-2023	41.21	0.48	12.74	20.66	75.09
July-2023	41.21	0.48	12.74	20.66	75.09
April-2023	41.21	0.48	18.73	20.66	81.08
January-2023	41.21	0.48	19.97	20.66	82.32
October-2022	41.21	0.48	19.97	20.66	82.32
July-2022	41.21	0.48	20.95	20.66	83.30
April-2022	41.21	0.48	23.36	20.66	85.71
January-2022	41.21	0.48	23.36	20.66	85.71
October-2021	41.21	0.48	23.36	20.66	85.71
July-2021	41.21	0.48	23.36	20.66	85.71
April-2021	41.21	0.48	23.36	20.66	85.71
January-2021	41.21	0.48	23.36	20.66	85.71
October-2020	41.21	0.48	23.36	20.66	85.71
July-2020	41.21	0.48	23.36	20.66	85.71
Total	820.53	8.52	617.12	938.66	2,384.83

(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(b) From The National Housing Bank
As at March 31, 2019

Month of Maturity / Repayment	Rate of Interest				Total
	<6.5%	6.5% to <=8.50%	8.51% to 9.5%	>9.50%	
December-2033	-	-	-	1.72	1.72
September-2033	-	-	-	20.66	20.66
June-2033	-	-	-	20.66	20.66
March-2033	-	-	-	20.66	20.66
December-2032	-	-	-	20.66	20.66
September-2032	-	-	-	20.66	20.66
June-2032	-	7.62	-	20.66	28.28
March-2032	-	12.54	-	20.66	33.20
December-2031	-	12.54	-	20.66	33.20
September-2031	-	12.54	-	20.66	33.20
June-2031	-	12.54	-	20.66	33.20
March-2031	-	12.54	-	20.66	33.20
December-2030	-	12.64	-	20.66	33.30
September-2030	-	12.74	-	20.66	33.40
June-2030	-	12.74	-	20.66	33.40
March-2030	-	12.74	-	20.66	33.40
December-2029	-	12.74	-	20.66	33.40
September-2029	-	12.74	-	20.66	33.40
June-2029	-	12.74	-	20.66	33.40
March-2029	-	12.74	-	20.66	33.40
December-2028	-	12.74	-	20.66	33.40
September-2028	-	12.74	-	20.66	33.40
June-2028	-	12.74	-	20.66	33.40
March-2028	-	12.74	-	20.66	33.40
December-2027	-	12.74	-	20.66	33.40
September-2027	-	12.74	-	20.66	33.40
June-2027	-	12.74	-	20.66	33.40
March-2027	-	12.74	-	20.66	33.40
December-2026	-	12.74	-	20.66	33.40
September-2026	-	12.74	-	20.66	33.40
June-2026	-	12.74	-	20.66	33.40
March-2026	0.20	12.74	-	20.66	33.60
December-2025	8.45	12.74	-	20.66	41.85
September-2025	31.95	12.74	-	20.66	65.35
June-2025	31.95	12.74	-	20.66	65.35
March-2025	31.95	12.74	-	20.66	65.35
December-2024	39.65	12.83	-	20.66	73.14
September-2024	41.21	13.22	-	20.66	75.09
June-2024	41.21	13.22	-	20.66	75.09
March-2024	41.21	13.22	-	20.66	75.09
December-2023	41.21	13.22	4.09	20.66	79.17
September-2023	41.21	13.22	7.24	20.66	82.32
June-2023	41.21	13.22	7.24	20.66	82.32
March-2023	41.21	13.22	7.24	20.66	82.32
December-2022	41.21	13.22	7.24	20.66	82.32
September-2022	41.21	13.22	7.24	20.66	82.32
June-2022	41.21	13.22	8.22	20.66	83.30
March-2022	41.21	13.22	10.63	20.66	85.71
December-2021	41.21	13.22	10.63	20.66	85.71
September-2021	41.21	13.22	10.63	20.66	85.71
June-2021	41.21	13.22	10.63	20.66	85.71
March-2021	41.21	13.22	10.63	20.66	85.71
December-2020	41.21	13.22	10.63	20.66	85.71
September-2020	41.21	13.22	10.63	20.66	85.71
June-2020	41.21	13.22	10.63	20.66	85.71
March-2020	41.21	13.22	10.63	20.66	85.71
December-2019	41.21	13.22	10.63	20.66	85.71
September-2019	41.21	13.22	10.63	20.66	85.71
June-2019	41.21	13.22	10.63	20.66	85.71
Total	1,050.77	679.42	175.98	1,200.00	3,106.17

(Currency : Indian rupees in millions)

50 Repayment terms of Secured Non-convertible Debentures are as follow.

As at March 31, 2021

Description of Secured Redeemable Non Convertible Debentures (NCD)	**Rate**	**Issue Date**	**Redemption Date**	**No. of NCDs**	**Amount**
EHFL 10.28%, Monthly**	**10.28%**	**18-Mar-2019**	**18-Mar-2029**	**1,500**	**1,500.00**
EHFL/Public NCD/Series VII	**0.00%**	**19-Jul-2016**	**19-Jul-2026**	**59,841**	**59.84**
EHFL/Public NCD/Series VI	**10.00%**	**19-Jul-2016**	**19-Jul-2026**	**33,47,060**	**3,347.06**
EHFL/Public NCD/Series V	**9.57%**	**19-Jul-2016**	**19-Jul-2026**	**2,48,424**	**248.42**
EHFL/NCD/29Apr26	**9.62%**	**29-Apr-2016**	**29-Apr-2026**	**250**	**250.00**
EHFL/NCD/30Jun22	**8.55%**	**30-Jun-2017**	**30-Jun-2022**	**100**	**100.00**
EHFL_Reisssuance	**8.55%**	**12-Jul-2017**	**30-Jun-2022**	**200**	**200.00**
EHFL/NCD/21Jun22	**8.55%**	**21-Jun-2017**	**21-Jun-2022**	**500**	**500.00**
EHFL/NCD/19May22	**8.55%**	**19-May-2017**	**19-May-2022**	**500**	**500.00**
EHFL/NCD/18May22	**9.25%**	**18-Nov-2020**	**18-May-2022**	**1,000**	**1,000.00**
EHFL/NCD/04Mar22	**9.25%**	**04-Sep-2020**	**04-Mar-2022**	**750**	**750.00**
EHFL/NCD/14Feb22	**9.25%**	**14-Aug-2020**	**14-Feb-2022**	**1,000**	**1,000.00**
EHFL/NCD/03Jan22	**9.05%**	**03-Jul-2020**	**03-Jan-2022**	**1,000**	**1,000.00**
EHFL/Public NCD/Series IV	**0.00%**	**19-Jul-2016**	**19-Jul-2021**	**41,498**	**41.50**
EHFL/Public NCD/Series III	**9.75%**	**19-Jul-2016**	**19-Jul-2021**	**4,42,341**	**442.34**
EHFL/NCD/15Apr21	**0.00%**	**22-Mar-2018**	**15-Apr-2021**	**178**	**178.00**
Total					**11,117.16**

**All Secured NCDs are fully secured by way of mortgage of identified immovable property as stated in the respective debenture trust deed(s) and/ or by way of charge/ hypothecation of book debts/ receivables/ loan receivables, on first / pari-passu basis, to the extent stated in the respective information memorandum read with the underlying debenture trust deed.

As at March 31, 2020

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL 10.28%, Monthly**	10.28%	18-Mar-2019	18-Mar-2029	1,500	1,500.00
EHFL/Public NCD/Series VII	0.00%	19-Jul-2016	19-Jul-2026	59,841	59.84
EHFL/Public NCD/Series VI	10.00%	19-Jul-2016	19-Jul-2026	34,62,048	3,462.05
EHFL/Public NCD/Series V	9.57%	19-Jul-2016	19-Jul-2026	2,48,424	248.42
EHFL/NCD/29Apr26	9.62%	29-Apr-2016	29-Apr-2026	250	250.00
EHFL/NCD/30Jun22	8.55%	30-Jun-2017	30-Jun-2022	100	100.00
EHFL_Reisssuance	8.55%	12-Jul-2017	30-Jun-2022	200	200.00
EHFL/NCD/21Jun22	8.55%	21-Jun-2017	21-Jun-2022	500	500.00
EHFL/NCD/19May22	8.55%	19-May-2017	19-May-2022	500	500.00
EHFL Aug 2021	0.00%	27-Jul-2018	12-Aug-2021	500	500.00
EHFL/Public NCD/Series IV	0.00%	19-Jul-2016	19-Jul-2021	41,815	41.82
EHFL/Public NCD/Series III	9.75%	19-Jul-2016	19-Jul-2021	5,89,016	589.02
EHFL ZCB 2021	0.00%	04-Apr-2018	04-May-2021	450	450.00
EHFL/NCD/15Apr21	0.00%	20-Feb-2018	15-Apr-2021	70	70.00
EHFL/NCD/15Apr21	0.00%	22-Mar-2018	15-Apr-2021	178	178.00
EHFL/NCD/02Jun20	0.00%	13-Jun-2017	02-Jun-2020	100	100.00
EHFL_Reissuance_2	0.00%	20-Jul-2017	02-Jun-2020	300	300.00
EHFL_Reisssuance	0.00%	19-Sep-2017	02-Jun-2020	150	150.00
EHFL/NCD/12May20	0.00%	21-Apr-2017	12-May-2020	125	125.00
Total					9,324.14

**All Secured NCDs are fully secured by way of mortgage of identified immovable property as stated in the respective debenture trust deed(s) and/ or by way of charge/ hypothecation of book debts/ receivables/ loan receivables, on first / pari- passu basis, to the extent stated in the respective information memorandum read with the underlying debenture trust deed.

(Currency : Indian rupees in millions)

As at March 31, 2019

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL 10.03%, Monthly**	10.03%	18-Mar-2019	18-Mar-2029	1,500	1,500.00
EHFL/Public NCD/Series VII	0.00%	19-Jul-2016	19-Jul-2026	59,841	59.84
EHFL/Public NCD/Series VI	10.00%	19-Jul-2016	19-Jul-2026	34,62,048	3,462.05
EHFL/Public NCD/Series V	9.57%	19-Jul-2016	19-Jul-2026	2,48,424	248.42
EHFL/NCD/29Apr26	9.62%	29-Apr-2016	29-Apr-2026	250	250.00
EHFL/NCD/30Jun22	8.55%	30-Jun-2017	30-Jun-2022	100	100.00
EHFL_Reisssuance	8.55%	12-Jul-2017	30-Jun-2022	200	200.00
EHFL/NCD/21Jun22	8.55%	21-Jun-2017	21-Jun-2022	500	500.00
EHFL/NCD/19May22	8.55%	19-May-2017	19-May-2022	500	500.00
EHFL Aug 2021	0.00%	27-Jul-2018	12-Aug-2021	500	500.00
EHFL/Public NCD/Series IV	0.00%	19-Jul-2016	19-Jul-2021	41,815	41.82
EHFL/Public NCD/Series III	9.75%	19-Jul-2016	19-Jul-2021	5,89,016	589.02
EHFL ZCB 2021	0.00%	04-Apr-2018	04-May-2021	450	450.00
EHFL/NCD/15Apr21	0.00%	20-Feb-2018	15-Apr-2021	70	70.00
EHFL/NCD/15Apr21	0.00%	22-Mar-2018	15-Apr-2021	178	178.00
EHFL/NCD/02Jun20	0.00%	13-Jun-2017	02-Jun-2020	100	100.00
EHFL_Reissuance_2	0.00%	20-Jul-2017	02-Jun-2020	300	300.00
EHFL/NCD/15Apr21	0.00%	12-Feb-2018	15-Apr-2021	128	-
EHFL_Reisssuance	0.00%	19-Sep-2017	02-Jun-2020	150	150.00
EHFL/NCD/12May20	0.00%	21-Apr-2017	12-May-2020	125	125.00
EHFL/NCD/23Sep22	8.90%	23-Mar-2018	23-Sep-2022	-	-
EHFL/Public NCD/Series II	0.00%	19-Jul-2016	19-Jul-2019	51,853	51.85
EHFL/NCD/26Apr18	10.09%	09-Mar-2015	26-Apr-2018	320	-
EHFL/NCD/10Mar18	10.01%	05-Mar-2015	10-Mar-2018	80	-
EHFL/NCD/19Jan18	10.73%	27-Oct-2014	19-Jan-2018	70	-
EHFL/NCD/05Dec17	10.01%	12-Dec-2014	05-Dec-2017	100	-
EHFL/NCD/24Oct17	10.76%	27-Oct-2014	24-Oct-2017	60	-
EHFL/NCD/12Sep17	10.76%	12-Sep-2014	12-Sep-2017	100	-
EHFL/NCD/17Aug17	10.75%	12-Sep-2014	17-Aug-2017	50	-
EHFL/NCD/24Apr17		28-May-2014	24-Apr-2017	60	-
EHFL/NCD/24Apr17	-	20-Feb-2014	24-Apr-2017	250	-
EHFL/Public NCD/Series I	9.50%	19-Jul-2016	19-Jul-2019	5,17,003	517.00
EHFL/NCD/08Apr19	9.25%	21-Oct-2016	08-Apr-2019	250	250.00
EHFL/NCD/04Apr19	9.25%	21-Oct-2016	04-Apr-2019	1,750	1,750.00
Total					11,893.00

*Excluding of interest accrued and EIR Impact.
** The debentures are secured by way of pari passu charge on an immovable property and standard loan assets to the extent of 125% of the outstanding amount.

(Currency : Indian rupees in millions)

51 Details of Unsecured Subordinated Debentures

As at March 31, 2021

Description of Unsecured Redeemable Non Convertible Debentures (NCD)	**CouponRate**	**Issue Date**	**Redemption Date**	**No. of NCDs**	**Amount**
EHFL/NCD/3May2025	**11.25%**	**04-Feb-2015**	**03-May-2025**	**500**	**500.00**
					500.00

As at March 31, 2020

Description of Unsecured Redeemable Non Convertible Debentures (NCD)	CouponRate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL/NCD/3May2025	11.25%	04-Feb-2015	03-May-2025	500	500.00
					500.00

As at March 31, 2019

Description of Unsecured Redeemable Non Convertible Debentures (NCD)	CouponRate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL/NCD/3May2025	11.25%	04-Feb-2015	03-May-2025	500	500.00
					500.00

(Currency : Indian rupees in millions)

52. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

(a) The Pillars of its policy are as follows:

a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.

b) Maintain investment grade ratings for all its liabilities issuances domestically and internationally by ensuring that the financial strength of their balance sheets are preserved.

c) Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on earnings.

d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment

(b) Regulatory Capital

The below regulatory capital is computed in accordance with the relevant regulatory guidelines.

Particulars	**As at March 31, 2021**	As at March 31, 2020	As at March 31, 2019
Capital Funds			
Common Equity Tier1 (CET1) capital	**6,676.41**	7,499.78	7,676.43
Other Tier 2 capital instruments (CET2)	**-**	144.08	222.05
Total capital	**6,676.41**	7,643.86	7,898.48
Risk weighted assets	**25,205.72**	26,758.65	36,907.17
CET1 Capital ratio	**26.49%**	28.03%	20.80%
CET2 Capital ratio	**0.00%**	0.54%	0.60%
Total Capital ratio	**26.49%**	28.57%	21.40%

Edelweiss Housing Finance Limited

Reformatted Statement of dividend paid/proposed, rate of dividend **Annexure VI**

Particulars	**For the year ended**		
	March 31, 2021	**March 31, 2020**	**March 31, 2019**
Equity Shares			
Dividend paid/proposed (Rs. million)	Nil	Nil	Nil
Rate of dividend (%)	Nil	Nil	Nil
Dividend amount (per share) (Rs.)	Nil	Nil	Nil
Face value per equity share (Rs.)	10	10	10
Redeemable Preference Shares			
Dividend paid/proposed (Rs. million)	NA	NA	NA
Rate of dividend (%)	NA	NA	NA
Dividend amount (per share) (Rs.)	NA	NA	NA
Face value per equity share (Rs.)	NA	NA	NA

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

For and on behalf of the Board of Directors
For Edelweiss Housing Finance Limited

Sd/-
per R.P. Soni
Partner
Membership No. 104796

Sd/-
Rajat Avasthi
MD & CEO
DIN:07969623

Sd/-
Shilpa Gattani
Director
DIN:05124763

Sd/-
Vinay Tripathi
Company Secretary
Membership No. A18976

Place : Mumbai
Date: December 31, 2021

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to the Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Edelweiss Housing Finance Limited

1. We have reviewed the accompanying statement of unaudited financial results of Edelweiss Housing Finance Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement 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 Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to Note 4 to the Statement, which describes the economic and social disruption as a result of COVID-19 pandemic on the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and investments which are highly dependent on uncertain future developments.

   Our conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

Shravan

per Shrawan Jalan
Partner
Membership No.: 102102
UDIN: 21102102AAAEOE2899

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: October 27, 2021

S.R. Batliboi & Co. LLP, a Limited Liability Partnership with LLP Identity No. AAB-4294
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

Financial Results for the quarter and half year ended September 30, 2021

(₹ in Crores)

	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30, 2021 (Unaudited)	June 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	March 31, 2021 (Audited)
1	**Revenue from operations**						
	(a) Interest income	114.14	105.33	148.58	219.47	279.39	502.67
	(b) Dividend income	-	-	-	-	-	0.18
	(c) Fee and commission income	16.15	12.51	7.74	28.66	14.26	34.15
	(d) Net gain on fair value changes	4.04	1.65	3.94	5.69	3.94	11.72
	Total revenue from operations	**134.33**	**119.49**	**160.26**	**253.82**	**297.59**	**548.72**
2	**Other income**	0.71	0.26	1.19	0.97	1.52	2.34
3	**Total Income (1+2)**	**135.04**	**119.75**	**161.45**	**254.79**	**299.11**	**551.06**
4	**Expenses**						
	(a) Finance costs	84.90	89.17	102.67	174.07	203.06	389.28
	(b) Employee benefits expense	13.77	14.83	12.68	28.60	27.05	55.80
	(c) Depreciation and amortisation expense	0.97	1.01	1.49	1.98	3.22	5.64
	(d) Impairment on financial instruments	4.06	20.46	7.53	24.52	18.08	51.14
	(e) Other expenses	12.04	11.52	19.22	23.56	29.70	57.28
	Total expenses	**115.74**	**136.99**	**143.59**	**252.73**	**281.11**	**559.14**
5	**Profit / (Loss) before tax (3-4)**	**19.30**	**(17.24)**	**17.86**	**2.06**	**18.00**	**(8.08)**
6	**Tax expense**	**3.28**	**(3.27)**	**4.97**	**0.01**	**4.85**	**(11.81)**
	Current tax (includes reversal of excess provision of earlier years)	0.83	-	2.20	0.83	5.79	(5.13)
	Deferred tax	2.45	(3.27)	2.77	(0.82)	(0.94)	(6.68)
7	**Net Profit / (Loss) for the period (5-6)**	**16.02**	**(13.97)**	**12.89**	**2.05**	**13.15**	**3.73**
8	**Other Comprehensive Income**	-	**(0.05)**	**(0.02)**	-	(0.05)	**(0.22)**
9	**Total Comprehensive Income (7+8)**	**16.02**	**(14.02)**	**12.87**	**2.05**	13.10	**3.51**
10	**Earnings Per Share (₹) (Face Value of ₹ 10/- each)**						
	- Basic (Not Annualised)	2.31	(2.01)	1.85	0.30	1.89	0.54
	- Diluted (Not Annualised)	2.31	(2.01)	1.85	0.30	1.89	0.54

Notes:

1. Edelweiss Housing Finance Limited (the 'Company'/ 'EHFL') has prepared unaudited financial results (the 'Statement') for the quarter and half year ended September 30, 2021 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations, 2015'), as amended, and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provision of the Companies Act, 2013, as applicable.

2. The above financial results of the Company are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their respective meetings held on October 27, 2021.

3. During the quarter and half year ended 30 September 2021, the Company had sold certain financial assets amounting to Rs. 32.14 crores and Rs. 75.18 (net of provisions and losses) respectively, to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to Rs. 27.32 crores and Rs. 63.91 crores respectively from these ARC Trusts. Ind AS 109 – 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial result. EFSL, the holding Company had undertaken substantially all risks and rewards in respect of such financial assets. As a result, these financial assets were de-recognized in the Company's financial result.

Edelweiss Housing Finance Limited

SIGNED FOR IDENTIFICATION
BY
27/10/21
S.R. BATLIBOI & CO. LLP
MUMBAI

Edelweiss Housing Finance Limited
Corporate Identity Number: U65922MH2008PLC182906
Registered Office: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400 098
Tel: +91-22-40094400 Fax: 91-22-40194925

4. The COVID-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Indian Government too had imposed lockdowns starting from 24 March 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of COVID-19 cases. The Indian economy is impacted however in recent period the industry is reporting encouraging results signaling a slow but steady positive return of growth of economy. The impact of the COVID-19 pandemic, on Company's results, including credit quality and provisions, gain/loss on fair value changes, investment, remains uncertain and dependent on actual visibility of growth over coming quarter and steps taken by the government, RBI and other regulators to mitigate the economic impact and speedier growth. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining its liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of loans, receivables, deferred tax assets, investments and in case of life insurance business, estimate of claims, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

5 (a) Details of Resolution plan implemented under the Resolution Framework for COVID-19 related stress as per circular dated August 6, 2020.

Format - A: As at September 30, 2021

(₹ in Crores)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	488	136.24	-	-	12.09
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**488**	**136.24**	-	-	**12.09**

As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Format - B: For the half year ended September 30, 2021

(₹ in Crores)

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	(B) Of (A), aggregate debt that slipped into NPA during the half-year	(C) Of (A) amount written off during the half-year	(D) Of (A) amount paid by the borrowers during the half-year	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	11.04	0.01	-	(0.29)	11.12
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**11.04**	**0.01**	-	**(0.29)**	**11.12**

As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

5 (b) Information as required by the Reserve Bank of India Circular on Resolution Framework -2.0: Resolution of COVID-19 related stress of Individuals and small Businesses dated May 5, 2021.

(₹ in Crores)

Description	Individual Borrowers		Small businesses
	Personal Loans	Business Loans	
(A) Number of requests received for invoking resolution process under Part A	419	61	229
(B) Number of accounts where resolution plan has been implemented under this window	263	1	182
(C) Exposure to accounts mentioned at (B) before implementation of the plan	77.63	0.26	46.42
(D) Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E) Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F) Increase in provisions on account of the implementation of the resolution plan	7.48	0.03	3.65

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27/10/21
S.R. BATLIBOI & CO. LLP
MUMBAI

5 (c) Micro, Small and Medium Enterprises (MSME) sector - Restructuring of advances as at September 30, 2021

The Company has restructured the accounts as per RBI circular circulars DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018, circular DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019, circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020.

(₹ in Crores)

Type of borrower	No. of accounts restructured	Amount
MSME	42	20.07

6. In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards read with RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 – Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at September 30, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

7. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

8. **Statement of assets and liabilities as at September 30, 2021**

(₹ in Crores)

	As at Sep 30, 2021 (Unaudited)	As at March 31, 2021 (Audited)
ASSETS		
Financial assets	**4,369.37**	**4,902.72**
(a) Cash and cash equivalents	335.38	945.58
(b) Bank balances other than (a) above	255.87	83.53
(c) Stock in trade	-	15.58
(d) Receivables		
(i) Trade receivables	13.12	10.40
(e) Loans	3,482.57	3,595.86
(f) Investments	213.97	160.09
(g) Other financial assets	68.46	91.68
Non-financial assets	**37.96**	**28.38**
(a) Current tax assets (net)	5.53	2.19
(b) Property, Plant and Equipment	11.66	11.83
(c) Intangible assets under development	1.30	0.71
(d) Other Intangible assets	0.28	0.23
(e) Other non- financial assets	19.19	13.42
TOTAL ASSETS	**4,407.33**	**4,931.10**
LIABILITIES AND EQUITY		
Financial liabilities	**3,610.10**	**4,125.91**
(a) Payables		
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.41	7.23
(b) Debt securities	1,048.03	1,167.67
(c) Borrowings (other than debt securities)	1,849.29	2,262.84
(d) Subordinated Liabilities	53.67	50.86
(e) Other financial liabilities	652.70	637.31
Non-financial liabilities	**31.72**	**42.39**
(a) Current tax liabilities (net)	1.72	1.69
(b) Provisions	4.59	3.76
(c) Deferred tax liabilities (net)	0.09	0.92
(d) Other non-financial liabilities	25.32	36.02
Equity	**765.51**	**762.80**
(a) Equity share capital	69.35	69.35
(b) Other equity	696.16	693.45
TOTAL LIABILITIES AND EQUITY	**4,407.33**	**4,931.10**

Edelweiss Housing Finance Limited

SIGNED FOR IDENTIFICATION BY
27/10/21
S.R. BATLIBOI & CO. LLP
MUMBAI

9. **Statement of cashflow for the half year ended September 30, 2021**

(₹ in Crores)

		September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
A	**Cash flow from operating activities**		
	Profit before tax	2.06	17.99
	Adjustments for		
	Depreciation, amortisation and impairment	1.98	3.22
	Impairment on financial instruments	24.52	18.08
	Interest on lease liabilities	0.60	0.85
	Gain on buy back of debt securities (amortised cost)	0.63	(4.32)
	Loss / (Profit) on sale of of fixed assets	(0.01)	-
	Operating cash flow before working capital changes	**29.78**	**35.82**
	Add / (Less): Adjustments for working capital changes		
	Decrease/(Increase) in Receivables	(2.72)	(2.34)
	Decrease/(Increase) in Stock in trade	15.58	-
	Decrease/(Increase) in Receivables from financing business (net)	88.76	489.77
	Decrease/(Increase) in Other financial assets	(149.56)	(33.27)
	Decrease/(Increase) in Investments	(53.88)	0.56
	Decrease/(Increase) in Other non financial assets	(5.76)	(7.47)
	Increase / (Decrease) in Trade payables	(0.82)	4.49
	Increase / (Decrease) in Non financial liabilities and provisions	(9.87)	27.71
	Increase / (Decrease) in Other financial liability	10.06	(13.97)
	Cash flow from operations	**(78.43)**	**501.30**
	Income taxes paid	(3.68)	(3.05)
	Net cash generated from / (used in) operating activities -A	**(82.11)**	**498.25**
B	**Cash flow from investing activities**		
	Purchase of Property, plant and equipment and Intangible assets	(1.87)	2.85
	Decrease/(Increase) in Capital Work-in-progress and Intangibles under development	(0.60)	(0.25)
	Sale of Property, plant and equipment	0.02	0.02
	Net cash generated from / (used in) investing activities - B	**(2.45)**	**2.62**
C	**Cash flow from financing activities**		
	Increase / (Decrease) in Debt securities	(116.83)	35.88
	Increase / (Decrease) in Borrowings other than debt securities	(413.55)	5.18
	Increase / (Decrease) in Subordinate debt	-	-
	Repayment of lease obligations	4.74	(17.99)
	Net cash generated from / (used in) financing activities - C	**(525.64)**	**23.07**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(610.20)**	**523.95**
	Cash and cash equivalent as at the beginning of the period	**945.58**	**492.92**
	Cash and cash equivalent as at the end of the period	**335.38**	**1,016.87**

10. Figures for the previous period/ year have been regrouped/ reclassified wherever necessary to conform to current period presentation.

Edelweiss Housing Finance Limited

Mumbai
October 27, 2021

SIGNED FOR IDENTIFICATION
BY
27/10/21
S.R. BATLIBOI & CO. LLP
MUMBAI

On behalf of the Board of Directors

Rajat Avasthi
MD & CEO
DIN: 07969623

MATERIAL DEVELOPMENTS

No other material developments have taken place in our Company since September 30, 2021 till the date of filing this Draft Prospectus.

FINANCIAL INDEBTEDNESS

As on September 30, 2021, our Company had outstanding Total Borrowings of ₹ 29,509.99 million.

Sr. No.	Nature of Borrowings	Amount Outstanding (in ₹ million)	%
1.	Secured borrowings	28,973.26	98.18
2.	Unsecured borrowings	536.73	1.82
Total Borrowings		29509.99	100

Set forth below, is a summary of the borrowings by our Company outstanding as on September 30, 2021, together with a brief description of certain significant terms of such financing arrangements.

A. Details of secured borrowings:

Our Company's secured outstanding borrowings as on September 30, 2021 amounts to ₹ 28,973.26 million. The details of the secured borrowings are set out below:

Term Loans from Banks/ Financial Institutions:

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in million)*	Amount Outstanding *(₹ in million)*	Repayment Date	Repayment Schedule	Security	Prepayment Clause in Loan Agreement
1.	Indian Bank	December 20, 2017	1,000.00	263.48	December 31, 2022	18 Quarterly Repayments	First pari passu charge by way of hypothecation on receivables of the company consisting of standard loan assets with minimum security cover of 1.10 times.	Nil, if the company prepays full or in parts with 30 days prior prepayment notice otherwise as per circularized instruction of bank.
2.	Union Bank of India	July 24, 2017	1,000.00	249.70	September 26, 2022	20 Quarterly Repayment	First pari passu charge on the current assets, book debts, loans and advances and receivables current and non-current both present and future along with working capital lenders with minimum asset cover of 1.11 times of the limit of the outstanding amount at any point of time.	The Bank shall recover a pre-payment charge of 2% of the prepaid amount.
3.	Bank of Baroda	December 28, 2017	1,000.00	312.50	December 31, 2022	16 Quarterly Repayment	First pari passu charge by way of hypothecation over receivables created out of standard home loan assets of the Company. Security coverage to the extent of 1.11 times the facility amount to be maintained.	Waiver of pre-payment penalty subject to 30 days prior notice from the borrower. In all other cases applicable charges i.e. 2% prepayment penalty shall be charged.
4.	Bank of India	September 15, 2017	1,500.00	492.11	December 31, 2022	16 Quarterly Repayment	Pari passu first charge by way of hypothecation on the receivables of the company consisting of standard loan assets with asset cover ratio of 1.10	Waiver of prepayment charges provided 15 days prior notice has been given by the Company.

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned (₹ in million)	Amount Outstanding (₹ in million)	Repayment Date	Repayment Schedule	Security	Prepayment Clause in Loan Agreement
							times.	
5.	Bank of India	December 27, 2019	5,000.00	4,473.27	December 31, 2024	8 Half Yearly Repayment	Pari passu first charge by way of hypothecation on the receivables of the company consisting of standard loan assets with asset cover ratio of 1.25 times.	No prepayment penalty shall be payable by giving a prior notice of 15 days. In all other cases, prepayment penalty shall be applicable
6.	Canara Bank	April 25, 2018	1,000.00	503.77	September 30, 2023	16 Quarterly Repayment	First pari passu charge on standard receivables of the Company to the extent of 1.10 times of the facility amount.	In case borrower decided to prepay the loan (before original tenor of loan) no pre-payment penalty shall be charged in the following cases: a. If the pre-payment is effected at the instance of the lenders. b. If the pre-payment is made from company's own sources and giving prior notice of 30 days for the pre-payment. Otherwise charges as applicable. Prepayment charges of 2% will be applicable in all other instances including takeover of the term loan by any Bank/Financial Institution.
7.	Punjab & Sind Bank	March 20, 2017	2,500.00	1076.21	March 29, 2024	24 Quarterly Repayment	First pari passu charge on standard loan receivables along with other lenders of the company with minimum security coverage of 1.10 times of the loan amount.	Company can prepay the facility at nil prepayment charges with 15 days prior notice.
8.	Punjab & Sind Bank	December 27, 2017	1,750.00	976.25	March 1, 2025	15 Quarterly Repayment	First pari passu charge on standard loan receivables along with other lenders of the company with minimum security coverage of 1.10 times of the loan amount.	Company can prepay the facility at nil prepayment charges with 15 days prior notice.
9.	State Bank of India	September 21, 2018	7,000.00	3,731.13	March 30, 2024	19 Quarterly Repayment	First hypothecation charge, along with other working capital as well as term lenders on	The Bank shall recover a pre-payment charge of 2 % of the prepaid amount (

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in million)*	Amount Outstanding *(₹ in million)*	Repayment Date	Repayment Schedule	Security	Prepayment Clause in Loan Agreement
							current and future standard loan and other standard receivables (excluding stressed assets) of the company on pari passu basis, equivalent to 110% of the outstanding amount (including interest). Hypothecation of Receivables.	loans prepaid from own resources will not attract prepayment / pre closure charges).
10	State Bank of India	November 17, 2017	5,000.00	2,523.72	September 23, 2023	16 Quarterly Repayment	First hypothecation charge, along with other working capital as well as term lenders on current and future standard loan and other standard receivables (excluding stressed assets) of the company on pari passu basis, equivalent to 110% of the outstanding amount (including interest). Hypothecation of Receivables.	The Bank shall recover a pre-payment charge of 2 % of the prepaid amount (loans prepaid from own resources will not attract prepayment / pre closure charges).
11	Punjab National Bank	July29, 2019	1,000.00	550.00	June 30, 2024	20 Quarterly Repayment	First pari passu charge by way of hypothecation of receivables of the Company, consisting of standard loan assets, with minimum asset cover ratio of 1.11 times of the loan amount outstanding.	Nil, provided the borrower gives atleast 15 days prior notice for this purpose
	Total		**27,750.00**	**15,152.14**				

Note :- IND-AS adjustment for effective Interest rate on borrowings is not reduced from above borrowings and accordingly the above borrowings are reflecting on a gross basis.

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

(a) Penalty of upto 2% upon any non-compliance of the financial covenants till such non-compliance is cured;
(b) Penalty of upto 2% as prepayment charges, subject to waiver by receiving upto 30 days' notice form the Borrower;
(c) Penalty of upto 2% (on over and above the penal interest of 3%) for diversion of short term funds for long term usage or unrelated activities, till such position is rectified;
(d) Penalty of upto 2% upon any non-payment of interest/ instalment on time/ excess drawings/ reduction in drawing limit; and
(e) Penalty amount as applicable for overdue interest in respect of term loans and over-drawings above the drawing limit in fund based working capital account on account of interest/ development of letters of credit/ bank guarantee, insufficient stocks and receivables, etc., non-submission of stock statements within 20 days of the succeeding month, non-submission of revival/ renewal data at least one month prior to the due date.

Rescheduling: None of the loan documents provides for rescheduling provisions.

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

(a) Failure to pay on the due date any amount payable pursuant to a facility document, (including but not limiting to principal and interest amount payable with respect to any loan), at the place at and in the currency in which it is expressed to be payable;
(b) Failure to comply with any provision of the facility documents, to which it is a party;
(c) Any representation or statement made or deemed to be made by the Company in the facility documents (to which it is a party) or any other document delivered by or on behalf of the Company under or in connection with any facility documents, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
(d) Occurring of a cross default event as mentioned in facility documents;
(e) The Company is unable to, is presumed or deemed to be unable to or admits its inability to, pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities) or a moratorium is declared in respect of any of its indebtedness;
(f) An application or petition has been admitted by any relevant Governmental Agency under the Insolvency and Bankruptcy Code, 2016 (as may be amended, modified or supplemented from time to time) in relation to the Company;
(g) Any action, legal proceedings or other procedure or step is taken in relation to: (a) dissolution of the Company; (b) the suspension of material payments, a moratorium of any material indebtedness of the Company; (c) a composition, assignment or arrangement with any creditor of the Company in accordance with applicable law; (d) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Borrower or any of its material assets; or (e) a reference to the relevant Governmental Agency under the provisions of the Insolvency and Bankruptcy Code, 2016; (f) enforcement of any Security Interest over any material assets of the Company, or any analogous procedure or step is taken in any jurisdiction;
(h) It is or becomes unlawful for the Company to perform any of its obligations under the facility documents or any of the facility documents or any material provision is or becomes ineffective, invalid, illegal or unenforceable;
(i) The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) or gives notice of its intention to cease to carry on all or any substantial part of its business / fulfil its objects as conducted as at the date of the facility documents;
(j) The Company repudiates a facility document or evidences an intention to repudiate a facility document;
(k) Any governmental agency (whether de jure or de facto) nationalises, compulsorily acquires, expropriates or seizes all or any part of the business or assets of the Company;
(l) Any litigation, arbitration, investigative or administrative proceeding or enquiry is current, pending or threatened: (a) to restrain the Company's entry into, the exercise of the Company's rights under, or compliance by the Company with any of its obligations under, the facility documents;
(m) Any event or circumstance occurs which the lenders reasonably believe has or is likely to have a material adverse effect;
(n) In the opinion of the lenders: (a) the security is in jeopardy or ceases to have effect or is inadequate or insufficient; or (b) any security document pertaining to it, executed or furnished by or on behalf of the Company becomes illegal, invalid or unenforceable; or (c) a security document does not create the security Interest it purports to create over the relevant secured asset (which is subject to that security document); or (d) or if any such security document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the lenders;
(o) The Company or any of its assets and receivables are or become entitled to claim immunity from suit, execution, attachment or other legal process; and
(p) The authorisations required by the Company to carry on its business as a HFC, (including its registration with the NHB) in accordance with applicable law is terminated, revoked, suspended or breached.

Cash Credit / Overdraft against Fixed Deposit ("ODFD") facility availed by our Company:

Sr. No.	**Bank**	**Date of Sanction/ Renewal**	**Amount Sanctioned** *(₹ in million)*	**Amount Outstanding** *(₹ in million)*	**Repayment Date / Schedule**	**Security**
1.	Union Bank of India	June 11, 2021	250.00	226.81	On demand	First Pari Passu charge on the present and future receivables of the

Sr. No.	Bank	Date of Sanction/ Renewal	Amount Sanctioned *(₹ in million)*	Amount Outstanding *(₹ in million)*	Repayment Date / Schedule	Security
						company to the minimum extent of 1.11 times of the facility amount.
2.	ICICI Bank Limited	September 22, 2021	200.00	-	On demand	First pari passu charge on all standard receivables (receivables including short-term and long-term loans & advances) to the tune of 1.10 times of the outstanding facility amount and with a cover period of not more than 90 days.
3.	State Bank of India	October 20, 2020	800.00	66.20	On demand	First hypothecation charge on current and future housing loans and other receivables of the Company on pari passu basis with working capital and term lenders.
	Total		**1,250.00**	**293.01**		

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

(a) Penalty of upto 2% (on over and above the penal interest of 3%) for diversion of short term funds for long term usage or unrelated activities, till such position is rectified;
(b) Penalty of upto 5% p.a. in case of cash credit account on the irregular portion if irregular for a period of 60 days and penalty of upto 5% p.a. on the irregular portion in other cases, for the period of such irregularity;
(c) Penalty amount as applicable for overdue interest in respect of term loans and over drawings above the drawing limit in fund based working capital account on account of interest/ development of letters of credit/ bank guarantee, insufficient stocks and receivables, etc., non-submission of stock statements within 20 days of the succeeding month, non-submission of revival/ renewal data at least one month prior to the due date.
(d) Penalty of upto 2% upon any non-compliance of the financial covenants till such non-compliance is cured;
(e) Penalty of upto 2% upon any non-payment of interest/ excess drawings/ reduction in drawing limit; and
(f) Penalty of upto 10% p.a. upon non-payment of outstanding amount and will be applicable from the date of such default.

Rescheduling: None of the loan documents provides for rescheduling provision

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

(a) Failure to pay on the due date any amount payable pursuant to a facility documents, (including but not limiting to principal and interest amount payable with respect to any loan), at the place at and in the currency in which it is expressed to be payable;
(b) Failure to comply with any provision of the facility documents, to which it is a party;
(c) Any representation or statement made or deemed to be made by the Company in the facility documents (to which it is a party) or any other document delivered by or on behalf of the Company under or in connection with any facility documents, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
(d) Occurring of a cross default event as mentioned in facility documents;
(e) The Company is unable to, is presumed or deemed to be unable to or admits its inability to, pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities) or a moratorium is declared in respect of any of its indebtedness;
(f) An application or petition has been admitted by any relevant Governmental Agency under the Insolvency and Bankruptcy Code, 2016 (as may be amended, modified or supplemented from time to time) in relation to the Company;
(g) Any action, legal proceedings or other procedure or step is taken in relation to: (a) dissolution of the Company; (b) the suspension of material payments, a moratorium of any material indebtedness of the Company; (c) a

composition, assignment or arrangement with any creditor of the Company in accordance with applicable law; (d) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Borrower or any of its material assets; or (e) a reference to the relevant Governmental Agency under the provisions of the Insolvency and Bankruptcy Code, 2016; (f) enforcement of any Security Interest over any material assets of the Company, or any analogous procedure or step is taken in any jurisdiction;

(h) It is or becomes unlawful for the Company to perform any of its obligations under the facility documents or any of the facility documents or any material provision is or becomes ineffective, invalid, illegal or unenforceable;

(i) The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) or gives notice of its intention to cease to carry on all or any substantial part of its business / fulfil its objects as conducted as at the date of the facility documents;

(j) The Company r repudiates a facility document or evidences an intention to repudiate a facility document;

(k) Any governmental agency (whether de jure or de facto) nationalises, compulsorily acquires, expropriates or seizes all or any part of the business or assets of the Company;

(l) Any litigation, arbitration, investigative or administrative proceeding or enquiry is current, pending or threatened: (a) to restrain the Company's entry into, the exercise of the Company's rights under, or compliance by the Company with any of its obligations under, the facility documents;

(m) Any event or circumstance occurs which the lenders reasonably believe has or is likely to have a material adverse effect;

(n) In the opinion of the lenders: (a) the security is in jeopardy or ceases to have effect or is inadequate or insufficient; or (b) any security document pertaining to it, executed or furnished by or on behalf of the Company becomes illegal, invalid or unenforceable; or (c) a security document does not create the security Interest it purports to create over the relevant secured asset (which is subject to that security document); or (d) or if any such security document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the lenders;

(o) The Company or any of its assets and receivables are or become entitled to claim immunity from suit, execution, attachment or other legal process; and

(p) The authorisations required by the Company to carry on its business as a HFC, (including its registration with the NHB) in accordance with applicable law is terminated, revoked, suspended or breached.

Working Capital Demand Loans availed by our Company

(₹ in million)

Sr. No.	Bank	Date of Disbursement	Amount Sanctioned	Amount Outstanding as on September 30, 2021	Repayment Date/ Schedule	Security
1.	ICICI Bank Limited	NA	300.00	200.00	On maturity	First pari passu charge on all standard receivables (receivables including short-term and long-term loans & advances) to the tune of 1.10 times of the outstanding facility amount and with a cover period of not more than 90 days.
2.	State Bank of India	NA	1,200.00	1,200.00	On maturity	First hypothecation charge on current and future housing loans and other receivables of the Company on pari passu basis with working capital and term lenders.
	Total		**1,500.00**	**1,400.00**		

1. External Commercial Borrowings

As on September 30, 2021 we do not have any outstanding borrowing by way of External Commercial Borrowings.

National Housing Finance Refinance

Sr. No.	Lender's name	Date of Sanction	Amount Sanctioned (₹ in million)	Amount Outstanding (₹ in million)	Final Maturity Date	Repayment schedule	Security
1.	National Housing Bank	November 27, 2013	200.00	11.15	March 31, 2030	60 Quarterly repayment	1. A first mortgage and/or a first charge by way of hypothecation of all the book debts, both present and future,

Sr. No.	Lender's name	Date of Sanction	Amount Sanctioned (₹ in million)	Amount Outstanding (₹ in million)	Final Maturity Date	Repayment schedule	Security
							together with the securities therefore, in such form and manner as may be acceptable to NHB. 2. Additionally, a first mortgage and/or a first charge by way of hypothecation in a form satisfactory to the NHB of such of the book debts together with the securities, therefore, which are acquired by the Company by grant of housing loans to its constituents from out of its own funds to the extent of 25% of the amount stated at paragraph 8(a) of the sanction letter. Thus, the total assets coverage available would be to the extent of 125% of the amount refinanced. The mortgages and charges referred to above shall rank pari-passu with the **mortgages** and charges created and/or to be created in favour of such other lenders of the Company and for such amount of their loan which may be agreed to by NHB in writing. 3. Corporate Guarantee by Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited.
2.	National Housing Bank	January 19, 2016	500.00	69.20	April 1, 2028	60 Quarterly repayment	1. A first mortgage and/or a first charge by way of hypothecation of all the book debts, both present and future, together with the securities therefore, in such form and manner as may be acceptable to NHB. 2. Additionally, a first mortgage and/or a first charge by way of hypothecation in a form satisfactory to the NHB of such of the book debts together with the securities, therefore, which are acquired by the Company by grant of housing loans to its constituents from out of its own funds to the extent of 25% of the amount stated at paragraph 8(a) of the sanction letter. Thus, the total assets coverage available would be to the extent of 125% of the amount refinanced. The mortgages and charges referred to above shall rank pari-passu with the mortgages and charges created and/or to be created in favour of such other lenders of the Company and for such amount of their loan which may be agreed to by NHB in writing. 3. Corporate Guarantee by Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited.

Sr. No.	Lender's name	Date of Sanction	Amount Sanctioned (₹ in million)	Amount Outstanding (₹ in million)	Final Maturity Date	Repayment schedule	Security
3.	National Housing Bank	February 26, 2018	1,000.00	458.43	April 1, 2025	60 Quarterly repayment	1. A first mortgage and/or a first charge by way of hypothecation of all the book debts, both present and future, together with the securities therefore, in such form and manner as may be acceptable to NHB. 2. Additionally, a first mortgage and/or a first charge by way of hypothecation in a form satisfactory to the NHB of such of the book debts together with the securities, therefore, which are acquired by the Company by grant of housing loans to its constituents from out of its own funds to the extent of 25% of the amount stated at paragraph 8(a) of the sanction letter. Thus, the total assets coverage available would be to the extent of 125% of the amount refinanced. The mortgages and charges referred to above shall rank pari-passu with the mortgages and charges created and/or to be created in favour of such other lenders of the Company and for such amount of their loan which may be agreed to by NHB in writing. 3. Corporate Guarantee by Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited. 4. Half Yearly Statutory Auditor's Certificate should be provided by the HFC to evaluate the progress in fulfilling the eligibility criteria of minimum 51% individual housing loans to total tangible assets less cash and bank balance.
4.	National Housing Bank	December 2, 2018	800.00	484.80	December 1, 2025	28 Quarterly repayment	1. First charge over the book debts of the company with 25% margin, which is to be shared on a pari-passu basis with other lenders. 2. In addition, Corporate Guarantee from Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited will be obtained. At undertaking will also be obtained from both the companies that they will not change their shareholding in the HFC without prior approval of NHB. 3. Further, an undertaking will be obtained from Edelweiss Financial Services Limited, the ultimate holding company, that any change in percentage shareholding of its promoter directors, Sh. Rashesh Shah and Sh. Venkatchalam Ramaswamy will be registered only after prior

Sr. No.	Lender's name	Date of Sanction	Amount Sanctioned (₹ in million)	Amount Outstanding (₹ in million)	Final Maturity Date	Repayment schedule	Security
							approval of NHB. 4. Half Yearly Statutory Auditor's Certificate should be provided by the HFC to evaluate the progress in fulfilling the eligibility criteria of minimum 51% individual housing loans to total tangible assets less cash and bank balance.
5.	National Housing Bank	December 2, 2018	1,200.00	690.25	December 1, 2033	60 Quarterly repayment	1. First charge over the book debts of the company with 25% margin, which is to be shared on a pari-passu basis with other lenders. 2. In addition, Corporate Guarantee from Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited will be obtained. At undertaking will also be obtained from both the companies that they will not change their shareholding in the HFC without prior approval of NHB. 3. Further, an undertaking will be obtained from Edelweiss Financial Services Limited, the ultimate holding company, that any change in percentage shareholding of its promoter directors, Sh. Rashesh Shah and Sh. Venkatchalam Ramaswamy will be registered only after prior approval of NHB. 4. Half Yearly Statutory Auditor's Certificate should be provided by the HFC to evaluate the progress in fulfilling the eligibility criteria of minimum 51% individual housing loans to total tangible assets less cash and bank balance.
	Total		**3,700.00**	**1,713.83**			

The National Housing Bank Refinance is repayable in quarterly instalments for the tenure of loan sanctioned as per the refinance schemes. In the case of adverse balance arising due to pre-closure of loans in normal operation of lending and accelerated repayments, the shortfall is repaid as per the scheme provisions to ensure that flagged loans outstanding is equal or more than the refinance outstanding.

Note – Pre - Repayment Criteria

a. the refinance availed by the HFC can be prepaid without any prepayment charges subject to fulfillment of all the following conditions

- *Such refinance is availed under the Rural Housing Fund, Urban Housing Fund, Special urban refinance scheme for low income households, or under regular refinance schemes at regular rates*
- *The HFC has received the said amounts from the ultimate borrowers under these schemes and*
- *The prepayment is made not more than once in quarter after giving a two week notice (2 months' notice required for loan mentioned at Sr. No. 1 in the above table)*

b. The refinance availed by the HFC can be prepaid by them without any prepayment charges subject to the following conditions

- *The said refinance has at least run for one year (including the required period of notice*
- *Prior notice of 2 months given to NHB*
- *Such prepayment is made not more than once in any half year (Jan-June or July-Dec)*

c. In all other cases, prepayment would be accepted from the company upon payment of prepayment charges as stated below and subject to the company giving 2 months' notice in writing of its intention to prepay

(i) If time elapsed since disbursement is upto 1 year then prepayment charges are 1% of amount to be prepaid
(ii) If time elapsed since disbursement is more than 1 year then prepayment charges are 0.5% of amount to be prepaid

d. All other terms and conditions of refinance as applicable to Housing Finance Companies as communicated from time to time shall continue to be applicable.

2. Secured Redeemable Non-Convertible Debentures

i. **Private Placement of secured redeemable non-convertible debentures as on September 30, 2021**

Our Company has issued on private placement basis, secured, redeemable, non-convertible debentures under various series of which ₹ 6,800.00 million is outstanding as on September 30, 2021, the details of which are set forth below:

Sr. No.	Debenture Name / Series	ISIN	Amount Outstanding *(₹ in million)*	Date of Allotment	Final Maturity Date	Coupon (p.a.) in %	Tenure /Period (Days)	Credit Rating and Outlook
1.	9.62% Secured Redeemable Non-Convertible Debentures	INE530L07160	250.00	April 29, 2016	April 29, 2026	9.62	3652	[ICRA] A+/Negative CARE A+/Stable
2.	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07277	500.00	May 19, 2017	May 19, 2022	8.55	1826	[ICRA] A+/Negative, CRISIL AA-/Negative
3.	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07293	500.00	June 21, 2017	June 21, 2022	8.55	1826	[ICRA] A+/Negative, CRISIL AA-/Negative
4.	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07301	100.00	June 30, 2017	June 30, 2022	8.55	1826	[ICRA] A+/Negative, CRISIL AA-/Negative
5.	10.03% Secured Rated Listed Redeemable Non-Convertible Debenture	INE530L07350	1,500.00	March 18, 2019	March 18, 2029	10.28	3653	CRISIL AA-/Negative
6.	9.05% Secured Rated Listed Redeemable Non-Convertible Debentures	INE530L07376	1,000.00	July 3, 2020	January 3, 2022	9.05	549	CRISIL AA-/Negative, [ICRA]A+ (Negative)
7.	9.25% Secured Rated Listed Redeemable Non-Convertible	INE530L07384	1,000.00	August 14, 2020	February 14, 2022	9.25	549	[ICRA]A+ (Negative)

Sr. No.	Debenture Name / Series	ISIN	Amount Outstanding *(₹ in million)*	Date of Allotment	Final Maturity Date	Coupon (p.a.) in %	Tenure /Period (Days)	Credit Rating and Outlook
	Debentures							
8.	9.25% Secured Rated Listed Redeemable Non-Convertible Debentures	INE530L07392	750.00	September 4, 2020	March 4, 2022	9.25	546	[ICRA]A+ (Negative)
9.	9.25% Secured Rated Listed Redeemable Non-Convertible Debentures	INE530L07400	1,000.00	November 18, 2020	May 18, 2022	9.25	546	CARE A+/Stable
10.	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07301	200.00	July 12, 2017	June 30, 2022	8.55	1814	[ICRA] A+/Negative, CRISIL AA-/Negative
	Total		**6,800.00**					

Note :- IND-AS adjustment for effective Interest rate on NCDs is not reduced from above outstanding balance and accordingly the above balances are reflecting on a gross basis.

Security Clause

Above debentures are fully secured by first *pari passu* charge on immovable properties and the receivables, maintaining 1.0x times the outstanding amount.

Penalty Clause

a) Penalty of upto 2% on the amount in respect of which a default has been committed in the event the Company fails to pay any principal amount on the debentures or any interest, as the case may be, payable when due and payable; and
b) Penalty of upto 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of NCD to the investors, in case of delay in listing of the securities beyond 20 days from the deemed date of allotment.

Event of Default

The occurrence of any of the following events shall constitute an event of default by the company in relation to the Secured Debentures:

a) Default is committed in payment of the principal amount of the debentures on a redemption date;
b) Default is committed in payment of interest on a date when such interest is due and payable under the terms of the information memorandum/ shelf disclosure document and the deed;
c) Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/ or the financial covenants and conditions or any other transaction documents and except where the trustee (acting under the instructions of the debenture holders) certifies that such default is in their sole opinion incapable of remedy, such default continues for 7 days after written notice has been given thereof by the trustee to the Company required the same to be remedied;
d) Any indebtedness of the Company for borrowed monies i.e. indebtedness for and in respect of monies borrowed or raised (whether or not for cash consideration) by whatever means (including acceptances, credits, deposits and leasing) becomes due prior to its stated maturity by reason of default of the terms thereof or any such indebtedness is not paid at its stated maturity or there is a default in making payments due under any guarantee or indemnity given by the Company in respect of the indebtedness of borrowed monies of any person;
e) Any information given by the Company in the information memorandum/ shelf disclosure documents / reports and other information furnished by the Company and the representations and warranties given/ deemed to have been given by the Company to the trustee under any transaction document are misleading or incorrect in any material

respect;

f) If there is a reasonable apprehension that the Company is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been commenced;
g) If the mortgaged premises depreciates in value to such an extent that in the opinion of the debenture holders/ trustee further security to the satisfaction of the debenture holders/ trustee should be given and on advising the Company to that effect such security has not been given to the trustee to their satisfaction;
h) If without the prior written approval of the trustee and the debenture holders any assets offered as security under the security documents or part thereof are sold, leased, assigned, securitized, disposed off, encumbered or alienated or any of the said assets are removed, pulled down or demolished;
i) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency laws or the Company is voluntarily or involuntarily dissolved;
j) It is certified by an accountant or a firm of accountants appointed by the Trustee that the liabilities of the Company exceed its respective assets;
k) The Company has taken or suffered any action to be taken for its reorganization, liquidation or dissolution;
l) A receiver or a liquidator has been appointed or allowed to be appoint of all or any part of the undertaking of the Company
m) If a petition for winding up of the Company has been admitted or if an order of a court of competent jurisdiction is made or any special resolution has been passed by the members of the Company for the winding up of the Company otherwise than in pursuance of a scheme of amalgamation or reconstruction previously approved in writing by the trustee and duly carried into effect; and
n) The Company is unable to or has admitted in writing its inability to pay its debts as they mature.

Collateralised borrowing and lending obligation

As on September 30, 2021 our Company has no outstanding collateralised borrowing and lending obligations.

3. Secured Redeemable non-convertible debentures (public issue):

Our Company has issued Secured redeemable non-convertible debenture of face value of ₹ 1,000 on a public issue basis of which ₹ 3,505 million is the principal outstanding amount as on September 30, 2021, the details of which are set forth below:

Description	ISIN	Tenor/ period of maturity (Days)	Coupon (p.a.) in %	Date of allotment	Principal outstanding amount (₹ in million)	Redemption / Maturity date	Credit Rating
9.57% Secured Redeemable Non-Convertible Debentures. Letter Of Allotment. Series V.	INE530L07210	3651	9.57	July 19, 2016	248.42	July 18, 2026	CARE A+/Stable [Single A Plus], [ICRA] A+/Negative, BWR AA- /Stable
10% Secured Redeemable Non-Convertible Debentures. Letter Of Allotment. Series VI.	INE530L07228	3651	10.00	July 19, 2016	3,196.74	July 18, 2026	
Secured Redeemable Non-Convertible Debentures. Letter Of Allotment. Series VII.	INE530L07236	3651	10.00	July 19, 2016	59.84	July 18, 2026	

Note :- IND-AS adjustment for effective Interest rate on NCDs is not reduced from above outstanding balance and accordingly the above balances are reflecting on a gross basis.

4. Corporate Guarantee

Our Company has not issued any corporate guarantee as on September 30, 2021.

B. Details of unsecured borrowings:

1. Commercial Papers

Our Company has not issued any commercial papers as on September 30, 2021.

2. Inter-Corporate Deposits

Our Company has not borrowed any amount by way of inter-corporate deposits as on September 30, 2021.

3. Inter-Corporate Loans

Our Company has not borrowed any amount by way of demand loans under the same management as on September 30, 2021

4. Loan from Directors and Relatives of Directors:

Our Company has not raised any loan from directors and relatives of directors as on September 30, 2021.

5. Subordinated Debts

i. Private Placement

Our Company has issued on private placement basis, unsecured, redeemable, non-convertible debentures under various series of which ₹ 500 million is cumulatively outstanding as on September 30, 2021, the details of which are set forth below:

(₹ in million)

Sr. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Final Maturity Date	Coupon (p.a.)	Tenure / Period (Days)	Credit Rating
1.	11.25% Unsecured Redeemable Non-Convertible Subordinated Debt (Tier II)	INE530L08010	500.00	February 4, 2015	May 3, 2025	11.25	3741	[ICRA] A+/Negative, CARE A+/Stable
	Total		**500.00**					

Penalty Clause- In case of default in payment of Coupon and/or principal redemption on the Redemption date, additional interest @ 2% p.a. over the Coupon will be payable by the Company for the defaulting period.

Event of Default-

If one or more of the events specified herein hereinafter called the Event(s) of Default] happen(s), the Trustees may, in their discretion, and shall, upon request in writing of the holders of the Debentures of an amount representing not less than three-fourths in value of the nominal amount of the Debentures for the time being outstanding or by a Special Resolution duly passed at the meeting of the Beneficial Owner(s)/Debenture holder(s) convened in accordance with the provisions set out in the Second Schedule hereunder written, by a notice in writing to the Company declare the principal of and all accrued interest on the Debentures to be due and payable.

a) Default is committed in payment of Principal Amount or Interest in respect of any Debentures on the relevant interest Payment Date/Redemption Date and such default has not been set right by the Company within 30 (thirty) days of the Company receiving a notice to this effect from the Debenture Trustee either by making payment to the Debenture Holders, or providing Indian Government Securities (including treasury bills) equivalent in value to the amount mentioned in the notice or in making such alternative arrangements for payment of the deficient amount, as may be mutually agreed between the Company and the Debenture Trustee at such time or times, to the Debenture Trustee (who is required to hold the same in trust for and for the benefit of the Debenture Holders), of an amount equal to the Principal Amount and Accrued Interest and all other amounts due and payable in respect of the Debentures to be issue in pursuance of this Offer Document;

b) The Company has voluntarily become the subject of proceedings under any bankruptcy, insolvency or other similar law or hereafter in effect, or the Company is voluntarily or involuntarily dissolved and a court having jurisdiction in the premise shall enter a decree or order for relief in respect of the Company and such decree or order shall remain un stayed and in effect for a period of 60 (sixty) consecutive days or has consented to the entry of an order for relief in an involuntary case under any such laws, or shall consent to the appointment of or taking possession by a receiver, liquidator, trustee, custodian or similar official of the Company or for any substantial part of its property or has made any general assignment for the benefit of the creditors, or has failed generally to pay its debts as they become due or shall take any corporals action in furtherance of any of the above; and

c) Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions (other than the obligation to pay principal and interest) and, except where the Trustees certify that such default is in their opinion incapable of remedy (in which case no notice shall be required), such default continues for thirty days after written notice has been given thereof by the Trustees to the Company requiring the same to be remedied.

6. Details of Unsecured Term Loans
Our Company has not availed any unsecured term loan facilities as on September 30, 2021.

C. Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or debt securities
As on the date of this Draft Prospectus, there has been no rescheduling, default and/or delay in payment of principal or interest on any existing term loan, debt security(ies) or any other financial indebtedness including corporate guarantee issued by the Issuer in the past three years.

D. List of top 10 debenture holders (secured and unsecured) as on September 30, 2021

S. No.	Name	Amount	% of total non-convertible securities outstanding
1.	Bank of India	1,500.00	13.51
2.	Life Insurance Corporation of India	1,500.00	13.51
3.	State Bank of India	1,000.00	9.01
4.	Union Bank of India	1,000.00	9.01
5.	Indian Bank	750.00	6.76
6.	Punjab National Bank	500.00	4.50
7.	Bochasanwasi Shriaksharpurushottam Swaminarayan Sanstha	493.00	4.44
8.	Apsrtc Employees Provident Fund Trust	350.00	3.15
9.	Canara Bank-Mumbai	250.00	2.25
10.	DBS Bank India Limited	200.00	1.80

#Above table excludes non-convertible securities held in treasury by the Company amounting to ₹294.99 million. These non-convertible securities were reduced from total outstanding non-convertible securities in the Financial Statement.

E. Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2021.

For the Point (A), our Company has not issued any NCDs for consideration other than cash, whether in whole or in part. For the Point (B), our Company has issued the following NCDs at premium:

S. No.	Particulars	ISIN	Date of Allotment	Coupon (p.a.) in %	Date of Maturity	Issue Price (₹ in million)	Amount Outstanding (₹ in million)
1.	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07301	July 12, 2017	8.55	June 30, 2022	200.54	200.54

For the Point (C), our Company has issued the following NCDs having embedded option in it:

S. No.	Particulars	ISIN	Date of Allotment	Coupon (p.a.) in %	Date of Maturity	Call option period	Amount Outstanding (₹ in million)
1	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07277	May 19, 2017	8.55	May 19, 2022	30 months from issue date	500.00
2	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07293	June 21, 2017	8.55	June 21, 2022	30 months from issue date	500.00
3	8.55% Secured Redeemable Non-Convertible Debentures	INE530L07301	June 30, 2017	8.55	June 30, 2022	30 months from issue date	100.00
4	8.55% Secured Redeemable	INE530L07301	July 12,	8.55	June 30,	30 months	

S. No.	Particulars	ISIN	Date of Allotment	Coupon (p.a.) in %	Date of Maturity	Call option period	Amount Outstanding (₹ in million)
	Non-Convertible Debentures		2017		2022	from issue date	200.00

Other than the securities mentioned above, our Company has nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2021.

F. Details of rest of borrowings if any, including hybrid debt instruments such as foreign currency convertible bonds or convertible debentures and preference shares as on September 30, 2021

Our Company does not have any other borrowings including hybrid debt instruments, such as foreign currency convertible bonds or convertible debentures and preference shares, as on September 30, 2021.

Restrictive covenants under the financing arrangements:

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 debenture trustee before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent in the following instances:

1. Effect any change in control of our Company;
2. Permit any transfer of the controlling interest or make any drastic change in the management set-up;
3. Change or in any way alter the capital structure;
4. Changes made to the general nature of the functions of the Borrower;
5. Effect any scheme of amalgamation or reconstruction;
6. Alter its financial year so that such financial year ends on any date other than on March 31 of each year;
7. Change its accounting policies;
8. Create or permit to subsist any security interest over any of the assets or sell, lease, transfer, grant or lease or otherwise dispose of any its fixed assets;
9. Assume or incur any financial indebtedness; and
10. Issue of guarantees, letters of comfort or undertaking of a similar nature on behalf of any other person.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Our Company, Directors, Promoter, Subsidiaries and our group companies are subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers and other parties. These legal proceedings are primarily in the nature of (a) arbitration petitions (b) civil suits (c) criminal complaints, (d) consumer complaints, (e) tax matters and (f) petitions pending before appellate authorities. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India. Except as disclosed below, there is no outstanding litigation including, suits, criminal or civil prosecutions and taxation related proceedings against our Company, Subsidiaries, Promoters, Directors and group companies that would have a material adverse effect on our operations or financial position.

The Operations Committee has set a materiality threshold for disclosure of events or information in relation to the Issue encompassing all pending litigation involving our Company, other than criminal proceedings and taxation matters (which would be disclosed in a consolidated manner), as 'material' for the purposes of disclosure in this Draft Prospectus if: (i) the monetary amount of claim by or against the entity or person in any such pending litigation is in excess of an amount of ₹100 million, or (ii) any such litigation or regulatory action the outcome of which has a bearing on the business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation. The materiality threshold for disclosure of events or information in relation to the Issue encompassing all pending litigation involving our Promoter, Directors, Subsidiaries and group companies, other than criminal proceedings and taxation matters (which would be disclosed in a consolidated manner), as 'material' for the purposes of disclosure in this Draft Prospectus if: (i) the monetary amount of claim by or against the entity or person in any such pending litigation is in excess of an amount of ₹1000 million, or (ii) any such litigation or regulatory action the outcome of which has a bearing on the business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, our Promoter, Subsidiaries or our group companies shall, unless otherwise decided by our Board of Directors/Operations Committee, not be considered as litigation until such time that our Company, Directors, Promoter, Subsidiaries and/or group companies, as the case maybe, is impleaded as a defendant in litigation proceedings before any judicial forum.

Except as disclosed below, there are no pending proceedings pertaining to:

a. matters likely to affect operations and finances of our Company, Subsidiaries, Promoter, Directors, group companies, or any other person, whose outcome could have a material adverse effect on our Company, including disputed tax liabilities and contingent liabilities of any nature;

b. any default or non-payment of statutory dues by the Company;

c. litigation or legal action pending or taken against the promoter of the company by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus;

d. the details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the Company;

e. there are no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures, fixed deposits and arrears on cumulative preference shares, etc., by our Company;

f. pending proceedings initiated against our Company for economic offences;

g. inquiries, inspections or investigations initiated or conducted under the Securities laws or Companies Act, 2013, or any previous companies law (including where there were any prosecutions filed and whether such prosecutions are pending or not) and fines imposed or compounding of offences by our Company in the last three years immediately preceding the year of issue of this Draft Prospectus against our Company and our Subsidiaries;

h. fines imposed on or compounding of offences done by our Company and our Subsidiaries in the last three years immediately preceding the year of this Draft Prospectus.

1. **Material litigations and regulatory actions involving our Company**

(a) **As on the date of this Draft Prospectus, following are material litigations in our Company:**

(i) **Civil Litigation**

By our Company

1. Our Company along with Edelweiss Financial Services Limited, ECL Finance Limited, Edelweiss Retail Finance Limited, Edel Finance Company Limited, Edelweiss Finance & Investments Limited, Edelweiss Finvest Limited (now merged with Edel Finance Company Limited), Allium Finance Private Limited ("**Plaintiffs**") jointly filed a defamation suit against Moody's Corporation and others ("**Moody's**") before the Bombay High Court ("**Court**"), as Moody's in their research report titled "Nonbank financial institutions - India" and "Economic slowdown worsened by coronavirus will exacerbate liquidity stress", published misleading information about Edelweiss' liquidity position on May 18, 2020. On July 23, 2020, the Court issued directions to Moody's to publish a clarification specifying that the error in the report dated May 18, 2020, pertaining to Edelweiss has been rectified and that report of May 18, 2020 should not be relied upon. The matter is currently pending.

(ii) **Criminal Litigation**

By our Company

1. Our Company 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 4th Floor, Shree Samarth Ashirwad Apartment, Thane ("**Secured Property**"). Subsequently, our Company filed a first information report ("**FIR**") dated January 20, 2015 under Section 154 of the CrPC against the Accused before the Authority under sections 420, 465, 468, 471, 120-B, 467 and 34 of the IPC. Thereafter, our Company issued a notice dated January 20, 2016 under section 13(2) of the SARFAESI to the Accused for payment of the outstanding amount due. However, we did not receive any reply to such notice. Hence, our Company filed an application under Section 14 of the SARFAESI on September 22, 2016 before the 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 our Company. 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 our Company 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. The matter is currently pending.

2. Our Company filed a complaint before the Senior Police Inspector, Chatursrungi 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, 2nd floor and flat No. 10 on 4th floor, Chaya Smruti, Suncity Road, Pune ("**Secured Property**"). Subsequently, our Company filed an application dated August 9, 2016 before District Magistrate, Pune ("**Authority**") under Section 14 of 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 our Company, 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 2nd 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 our Company from taking physical possession of the Secured Property. Thereafter, Anil Kenjalkar withdrew his case before the Debt Recovery Tribunal, Pune and filed a fresh case before Debt Recovery Tribunal, Pune *inter alia* challenging taking of symbolic possession and other incidental reliefs. Our Company filed an application dated October 24, 2017 before the Court under Section 9A of the CPC to set aside the Suit dated April 13, 2017. By an order dated October 9, 2021, the Civil Judge, Pune rejected the

Suit filed by Anil Kenjalkar. The matter is currently pending with the Debt Recovery Tribunal.

3. Our Company issued a notice dated October 20, 2016 to P. Aravindan and A. Aruna (collectively, the "**Accused**") under Section 13(2) of SARFAESI for payment of the amount due to our Company in relation to charge created on the property under a home loan dated August 30, 2014 entered between us and the Accused ("**Home Loan Agreement**"). Our Company 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, our Company filed a complaint against P. Aravindan, Tholkappian, J. Vinayagamoorthy, K. Babu and B. Saravanan before the Commissioner of Police, Egmore, Chennai *vide* letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by our Company, it was found that P. Aravindan and Tholkappian along with the previous employees of our Company, J. Vinayagamoorthy, K. Babu and B. Saravanan had, *interalia,* forged the 'Know Your Customer' ("**KYC**") documents and other transactional documents in relation to the Home Loan Agreement. The Accused are presently in judicial custody and the matter is currently pending.

4. Our Company issued a notice dated October 20, 2016 to Prem Anand ("**Accused**") under Section 13(2) of SARFAESI for payment of the amount due to us in relation to charge created on the property under a home loan dated January 1, 2015 entered between our Company and the Accused ("**Home Loan Agreement**"). Our Company 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, our Company filed a complaint against the Accused, Tholkappian and J. Vinayagamoorthy before the Commissioner of Police, Egmore, Chennai *vide* its letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by us, it was found that the Accused along with Tholkappian and a previous employee of our Company, J. Vinayagamoorthy, had, *inter alia*, forged the 'Know Your Customer' ("**KYC**") documents and other transactional documents in relation to the Home Loan Agreement. The matter is currently pending.

5. Our Company disbursed a loan to Om Prakash Singh on December 31, 2017 for an amount of ₹ 20.05 million for purchase of Residential Property in Jangpura Extension Delhi. Om Prakash Singh owner of V3 Mobi Communication Private Limited ("**Company**"), a company engaged in developing software and proving online platform for trading. The Company had been defaulting since March 2018 and was hence declared a non-performing asset ("**NPA**") in August 2018. Our Company filed a complaint to the Police and Economic Offences Wing, New Delhi ("**EOW**") on June 28, 2018. Our Company filed an application before the Delhi High Court for seeking stay of sale proceeding and the Delhi High Court allowed the stay on sale proceeding and directed Punjab National Bank to file their reply on October 29, 2018. A securitization application under Section 17 of the SARFAESI Act was filed before DRT-II on September 6, 2018. The complaint has been registered after rigorous follow up with EOW and a first information report was lodged on dated September 28, 2018 by EOW. Our Company filed an application before Chief Metropolitan Magistrate Court, Delhi seeking the status of investigation from EOW. The matter is currently pending.

6. Our Company issued a notice dated January 20, 2016 against Somprashant M. Patil and Sonali S. Patil (collectively, the "**Accused**") under Section 13(2) of SARFAESI. We thereafter issued a notice dated March 29, 2016 under Section 13(4) of SARFAESI to the Accused intimating them about the symbolic possession of the mortgaged property by our Company. Further, our Company received notices dated July 15, 2015 and April 25, 2016 from Chinchwad Police Station seeking certain documents in relation to the loan granted by our Company to the Accused, pursuant to a first information report filed by Ganpat Datta Salunkhe against the Accused, for which we have provided the relevant documents. The matter is currently pending.

7. Rayabarapu Ranapratap availed a loan from our Company for the purchase of plot at Enumamula location. In the year 2001, Kasarala Laxminarsimha Rao, Kasarala Ranga Rao, and Kodari Sadanandam, executed the registered sale deed in favour of Betheli Santosh Kumar. In the year 2012, Betheli Santosh Kumar executed the general power of attorney dated February 23, 2012 in favour of Masna Sampath Kumar and cancelled it in the year October 2015. In the same month Betheli Santosh Kumar executed self-declaration deed for change of boundaries. Our Company has filed a criminal complaint on February 9, 2019, against Rayabarapu Ranaprathapunder various sections of IPC for showing the non-existing property and obtained the loan amount fraudulently before PS Hanmakonda Warangal District. The matter is currently pending.

8. Our Company has filed a criminal complaint on January 13, 2020 against Pawan Kumar Goel under various sections of IPC, for showing the non-existing property and obtaining the loan amount fraudulently on February 22, 2018, before Station Head Officer Barakhamba Road, New Delhi. The matter is currently pending for investigation.

9. Our Company has filed five separate criminal complaints against its borrowers, Amit Sesmal Jain and nine others before Economic Offences Wing, Pune under various sections of CrPC for fraudulently siphoning off EHFL's money amounting to ₹14 million while availing home loan facility from the Pune branch. These cases and matter are pending for inquiry.

10. EHFL had provided home loan of ₹1.6 million to Ajaykumar Ashokkumar Raut ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks from the Maharashtra IGR portal, Department of Registration & Stamps it was found that the Borrower in connivance with seller submitted fraudulent registered property agreements to our Company towards the home loan. The Borrower had also fraudulently obtained multiple financing from other financial institutions on the same property. Currently, charge of other financial institutions including our Company is registered on subject property. Our Company has filed an application under Section 14 of SARFAESI Act before District Magistrate Court, Nagpur on December 8, 2020 and the said matter is pending for orders from District Magistrate.

11. Our Company had provided a home loan of ₹ 3.06 million to Amol Jalinder Phuge ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower had created multiple property documents and had availed loans from other financial institutions on the same property. Charge of other financial institutions is registered by virtue of Notice of Intimation ("**NOI**") however charge of our company is first as our disbursement is prior to other financial institutions. We have filed an application under Section 14 of SARFAESI before District Magistrate Court, Pune. The matter is currently pending before Tahsildar, Pune for fixation of appointment to take physical possession of property as per order passed by District Magistrate.

12. Our Company had provided a home loan of ₹ 2 million to Bhausaheb Balasaheb Jahdav ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower fraudulently opened account in builder's name, siphoned off the loan amount and registered cancellation sale deed. Builder sold the subject property to another buyer without intimating to our Company. Though our Company is yet to initiate the SARFAESI proceedings, we have reported this case as fraud to National Housing Board.

13. Our Company had provided a home loan of ₹ 2 million to Divya Flora Sundaram Gollapalli ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower had submitted fraudulent property papers/registered agreements with absence of layout plan, mismatched dimensions of property stated in the sale deed, technical report vis-à-vis property taken as collateral. The Borrower is not traceable, and property is in the possession of some third party who is claiming the owner of property. Our Company has filed Criminal complaint with SR Nagar Police Station, Hyderabad City against Borrower on September 8, 2020. The matter is pending for investigation.

14. Our Company had provided a home loan of ₹ 7.4 million to M Hanumantha Rao ("**Borrower"**). The Borrower turned delinquent and on carrying out further checks, it was found that the builder had done multiple transactions on the subject property and sold the property to multiple buyers. The builder has provided fraudulent registered property agreement to the Borrower which was submitted to our Company towards the home loan. The builder has absconded and is not traceable. Currently, the subject property is occupied by third parties and they are claiming to be the owner of the property. Our Company has filed criminal complaint on September 24, 2020 against the Borrower at Koramangala Police station, Bangalore. The matter pending for investigation.

15. Our Company had provided a home loan of ₹ 2 million to Menta Bhanuprakash ("**Borrower"**). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower defrauded our Company by submitting colour xerox/fake property documents. The subject property falls under prohibited property list. Our Company has filed application under section 14 of SARFAESI before the District Magistrate Court, Nellore on December 22, 2019. The said application is pending for order.

16. Our Company had provided a home loan of ₹ 4.99 million to Rajkumar Silarpur ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower had

misrepresented the facts about seller and submitted an invalid sale deed. The general power of attorney basis which the sale deed was executed was not valid as the seller was not alive at the time of execution and consequently the sale deed also becomes invalid. The subject property is in the possession of some third party, B. Karunakar, who is claiming to be the original owner of the property. The third party has filed an application before the Debt Recovery Tribunal on October 6, 2020 against our Company, which is pending for hearing. Our Company has filed application under section 14 of SARFAESI before District Magistrate Court, Secunderabad on January 8, 2021 and is pending for orders.

17. Our Company had provided a home loan of ₹ 2.82 million to Sham Suryawanshi ("**Borrower"**). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower in connivance with the builder and landowner submitted fraudulent registered property agreements to our Company. The builder sold the property initially to Magal Jagtap, and parallelly allotted the same flat to one of the landowner, who in turn sold the same flat to Rahul Khadve. Subsequently, Rahul Khandve sold the property to the Borrower. Our Company has filed an application under section 14 of SARFAESI before District Magistrate Court, Pune on December 22, 2019. The Upper District Magistrate, Pune vide its order July 31, 2021 directed Tahsildar, Haveli, Pune to handover possession of mortgaged property to our Company. The matter is pending for possession.

18. Our Company had provided a home loan of ₹ 1.5 million to Yernamma Kommineni ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower in connivance with the seller defrauded our Company by misrepresenting the facts and creating a false profile and submitting fake business and income documents. The Borrower is not traceable. The subject property was overvalued by more than ₹1.9 million (It was valued at ₹3 million at acquisition. The latest valuation is at ₹1.08 million). The valued property lies near the highway/main road and is different from the subject property mentioned in the sale deed, that lies in the interiors. Our Company has sold the property in auction to third party. Our Company is in process of filing an original application for loss on sale before the Debt Recovery Tribunal. Though our Company is yet to initiate SARFAESI proceedings, we have reported this case as fraud to the National Housing Board.

19. Our Company had provided a home loan of ₹ 10.5 million to Jitendra Dalchand Jain and Kavita Jain **(**"**Borrowers**"). The Borrowers turned delinquent, and on carrying out further checks, it was found that the Borrowers in connivance with the developer have defrauded our Company by misrepresenting the unit numbers being mortgaged with us, submitting forged approved plan, and issuing no-objection certificate, receipts and entering into a registered sale deed for non-existent properties by the developer. The developer fraudulently submitted a plan where the Permanent Transit Cam ("**PTC**") were shown as free sale units, and the Slum Redevelopment Authority ("**SRA**") stamp and correct approval number were put on the fabricated plan. On February 25, 2021, our Company filed a criminal complaint against the Borrowers, and Neeraj M Ved, Proprietor of Shreenath Corporation, Builders and Developers alleging forgery, criminal breach of trust and cheating with BKC Police Station, Bandra, Mumbai. The complaint is pending for investigation.

20. Our Company had provided a home loan of ₹ 14.2 million to Nikesh Mohan Gajara and Gitaben Mohanlal Gajara ("**Borrowers**"). The Borrowers turned delinquent, and on carrying out further checks, it was found that the Borrowers in connivance with the developer have defrauded our Company by misrepresenting the unit numbers being mortgaged with us, submitting forged approved plan, and issuing no-objection certificate, receipts and entering into a registered sale deed for non-existent properties by the developer. The developer fraudulently submitted a plan where the Permanent Transit Cam ("**PTC**") were shown as free sale units, and the Slum Redevelopment Authority ("**SRA**") stamp and correct approval number was put on the fabricated plan. On February 25, 2021, our Company filed a criminal complaint against the Borrowers, and Neeraj M Ved, Proprietor of Shreenath Corporation, Builders and Developers alleging forgery, criminal breach of trust and cheating with BKC Police Station, Bandra, Mumbai. The Complaint is pending for investigation.

21. Our Company filed a complaint before the Senior Police Inspector, Chaturshrungi Police Station, Pune against Ganesh Shankar Rakshe and Rupali Ganesh Rakshe (collectively, the "Accused") vide its letter dated 22/06/21 alleging fraud and cheating with reference to a property situated at the Flat No 703, 7th floor, in the Building No.1 known as "California Heights S. No. 101/2, situated at Rakshewadi, Tal. Khed, District Pune ("Secured Property"). Subsequently, Our Company issued a demand notice dated 30/04/2019 to Ganesh Rakshe & Rupali Rakshe ("Accused") under Section 13(2) of SARFAESI for payment of the amount due to us in relation to charge created on the property under a home loan dated 31/05/2017entered

between our Company and the Accused ("Home Loan Agreement"). Thereafter, EHFL came to know that borrower has availed multiple loans from various other Banks and Financial Institutions by submitting forged documents. Hence, we have issued Loan Recall Notice dated 20/06/2021.

22. Our Company filed a complaint before the Senior Police Inspector, Chatushrungi Police Station, Pune against Aashish Nandkumar Gaikwad and Sonali Aashish Gaikwad (collectively, the "Accused") vide its letter dated 04/03/21 alleging fraud and cheating with reference to a property situated at Flat no.102, 1st floor, Bldg A, Samarth residency, Gavane wasti, CTS No. 3308 P, Bhosari Pune. ("Secured Property"). Our Company issued a demand notice dated 29/06 2019 to Aashish Nandkumar Gaikwad and Sonali Aashish Gaikwad ("Accused") under Section 13(2) of SARFAESI for payment of the amount due to us in relation to charge created on the property under a home loan dated 14/12/2017 entered between our Company and the Accused ("Home Loan Agreement"). Thereafter, EHFL came to know that borrower has availed multiple loans from various other Banks and Financial Institutions by submitting forged documents. Hence, we have issued Loan Recall Notice dated 20/06/2021.

Against our Company

1. Our Company 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 our Company. A notice dated August 26, 2013 was issued to the Borrower for recalling the total loan amount sanctioned to which no reply was received by our Company. Thereafter, a first information report dated September 30, 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, ("**Authority**"), Enforcement Director, Government of India, Mumbai **("ED"),** *inter-alia* attached the Suit Property being the proceeds of crime *vide* its provisional attachment order dated August 27, 2014, which was confirmed vide an order dated February 20, 2015 ("**Impugned Order**"). Our Company received a show cause notice ("**SCN**") dated September 30, 2014 issued by the Authority seeking confirmation of the provisional attachment through the Impugned Order. Subsequently, our Company filed a writ petition before the Delhi High Court ("**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 Bombay High Court. The Bombay High Court disposed the writ petition filed by our Company *vide* its order dated November 28, 2016, granting us liberty to approach the Appellate Tribunal, New Delhi ("**Tribunal**") under PMLA. EHFL filed an appeal dated January 5, 2017 before the Appellate Tribunal under Section 26 of PMLA for quashing of the Impugned Order passed by the Authority. The matter is currently pending.

(iii) Regulatory matters involving our Company

1. Our Company received a show cause notice ("**SCN**") dated June 30, 2020 issued by the National Housing Bank ("**NHB**") seeking reasons as to why the penalty of ₹0.01 million in terms of the provisions of the National Housing Bank Act, 1987, should not be imposed on our Company inter alia for non-adherence of certain policy circular. The Company has submitted its reply on SCN on July 21, 2020. The NHB vide its email dated October 15, 2020 has sought for additional information. EHFL has submitted its reply on October 19, 2020. No further information has been sought by the NHB.

(iv) Our Company has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their customers for dishonour of cheques. Further, in some of the cases, customers have filed appeal against our Company. These cases are currently pending across different courts in India.

2. Material litigation or legal or regulatory actions involving our Promoter as on the date of this Draft Prospectus

(i) Civil Litigation

Other than as disclosed under "*Material litigations and regulatory actions involving our Company – Civil Litigation – By our Company*" there are no other civil proceedings involving our Promoters.

(ii) Criminal Litigation

1. EFSL, our Promoter *vide* its letter dated December 30, 2011 had filed a complaint under various sections of IPC, the IT Act, Trademark Act, 1999, and the Copyright Act, 1957 against Vaibhav Singh, Percept Profile, Harindra Singh, Shailendra Singh, Rajeev Mehrotra and unknown persons 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 our Promoter. Our Promoter also moved a criminal writ petition before Bombay High Court against the State of Maharashtra and others, praying *inter alia*, that the respondents or the Central Bureau of Investigation ("**CBI**") or any other agency be directed to register and investigate the aforesaid complaint dated December 30, 2011. The Bombay High Court *vide* its order dated July 23, 2012, directed the police to register a first information report on August 6, 2012 ("**FIR**"). Subsequently, Harindra Singh and Shailendra Singh filed a Criminal Application before the Bombay High Court praying *inter alia* for quashing the FIR. Further, Rajeev Mehrotra filed a criminal application before Bombay High Court *inter alia* praying for declaration that investigation under FIR is null and void and for staying further proceedings in the FIR. The Court, *vide* its order dated December 3, 2012, directed that a 72 hours' advance notice has to be given prior to any arrest of any of the accused in the case, so that appropriate remedy can be sought. The matter is currently pending.

2. On June 13, 2020, EFSL, our Promoter, filed a criminal complaint against LeapUp-Edutech Private Limited and its two directors ("**Accused**") for having committed offences under provisions of IPC, *inter alia* defamation, cheating, criminal breach of trust, hatching a criminal conspiracy along with mischief for publishing defamatory video against our Promoter, on its private channel on YouTube. The video has been taken down by the Accused. The matter is currently pending.

3. Our Promoter, EFSL has been served with provisional attachment order dated May 18, 2020 from the office of the Enforcement Directorate, Jalandhar, under various provisions of PMLA against the immovable properties and investments of Kuldeep Singh, Vikram Seth and others for allegedly siphoning off about ₹213.10 million from Bank of Baroda, Phagwara Branch. Our Promoter has been served with show cause notice dated July 10, 2020 under Section 8 of PMLA *inter alia* inquiring about source of income, earning or assets by means of which our Company acquired attached property and directed to appear before the Adjudicating Authority, New Delhi along with supporting evidence/documents. On January 15, 2021, our Promoter submitted its Application before Adjudicating Authority, PMLA and advanced submissions that it has been incorrectly arraigned in the present proceedings. Upon noting the submission of EFSL, the Adjudicating Authority adjourned the matter for final arguments. The matter is currently pending.

4. Edel Finance Company Limited, our Promoter filed criminal complaint dated August 29, 2011 ("**Complaint**") before the Additional Chief Metropolitan Magistrate Court, Bandra, Mumbai ("**Court**") against Vipul Shah ("**Accused**") seeking an order from the Court to direct the Senior Inspector of Police, Bandra West Police Station to register an complaint against the Accused for committing an offence under section 420 of the IPC in relation to a loan facility and defaulting on repayment of the facility, thereby causing a loss to the complainant for an amount of ₹10 million. The matter is currently pending.

5. Edelweiss Agri Value Chain Limited (now merged with ERCSL, our Promoter) registered FIR on September 19, 2017 in Jasdan Police Station, Rajkot against Mahendrabhai Gida-Guard, Ashokbhai Dhadhal- Gunman, Babubhai Bhayabhai Ramani, Sanjaybhai Khimjibhai, Shambhubhai Jivabhai Ramani, Mansukhbhai Khimjibhai Ramani, Ravjibhai Ramani, and Sanjaybhai Ramani (collectively the "**Accused**") under Sections 406, 409, 420, 435, 120B and 114 of IPC for committing intentional act of fire at warehouse. The Investigating office, Jasdan Police Station registered criminal case on August 6, 2019 before Taluka Court, Jasdan against accused and filed the charge-sheet. The matter is currently pending.

6. Pravin Virchand Shah of Ashirvad Traders ("**Complainant**") filed a criminal enquiry ("**Complaint**") before Judicial Magistrate First Class ("**Court**") at Unjha, Gujarat against Edelweiss Trading and Holdings Limited ("**ETHL**") (subsequently amalgamated with ERCSL, our Promoter) and others including its chairman, ERCSL, Ashok Patni and Vimalesh Kumar Ghiya, partner of R. K. Exports ("**Accused**") under sections 406, 420 read with Section 120B of IPC for alleged mishandling of account and alleged siphoning–off an amount of about ₹38.7 million and an alleged unauthorized sale 568 metric tonnes of commodity lying with R. K. Exports. The Court through its order dated July 30, 2014 directed the local police authorities to inquire into the Complaint. On December 3, 2014, the Accused received three notices issued by the police authorities, directing them to attend and record statements in respect of the Complaint. On December 30, 2014, Tarang Mehta recorded his statement on behalf of ERCSL, ETHL and chairman,

ETHL and also submitted copies of the arbitration proceedings initiated by Ashirwad Traders against ERCSL along with the order of Bombay High Court dated August 8, 2014 appointing a sole arbitrator in the matter. ERCSL filed its reply to the Notices on December 5, 2014. However, the Bombay High Court on March 13, 2020, in the arbitration petition, has allowed the withdrawal of the arbitration petition by ERCSL, in view of the consent terms entered into between ERCSL and the Complainant. The arbitration petition has accordingly been disposed of. The matter is pending.

7. Edelweiss Commodities Services Limited (formerly known as Comfort Project Limited/Edelweiss Trading and Holding Limited and now known as ERCSL) has been served with the notice dated February 15, 2019 from the Economic Offence Wing – National Spot Exchange Limited – Special Investigation Team, Mumbai ("**EOW**") issued under Section 91 of the CrPC *inter alia* informing that department is investigating the offences registered against National Spot Exchange Limited, its directors, FTIL, its directors, borrowers, brokers and others for committing serval acts of forgery and criminal breach trust. Further, Economic Offences Wing is investigating complaint of SEBI against 300 brokers for illegal trading on National Spot Exchange Limited. ECS (now ERCSL) furnished all the information as called for by Economic Offences Wing. The matter is currently pending.

8. Our Promoter, ERCSL (formerly known as Edelweiss Commodities Services Limited) received notices dated April 3, 2019 and June 14, 2019 ("**Notices**") issued under Section 41 read with Section 36(2) of the Competition Act, 2002 ("**Act**") from the office of the Director General, Competition Commission of India, New Delhi along with copy of Commission Order dated November 9, 2018 under Section 26(1) of the Act ("**the Order**") to conduct an investigation against 11 trading organizations which included ERCSL for allegedly being involved in increasing the prices of pulses in India. ERCSL vide the Notice has been *inter alia* directed to furnish various information and documents (which include details of pulses business of ERCSL such as procurement, stocking, local sale, etc.) for the Fiscals 2011 to 2018. ERCSL has furnished the said information and documents in compliance with the said Notices vide its letters dated April 25, 2019 and June 26, 2019. The Competition Commission of India has instructed 2 ex-employees of ERCSL and a director of the company, Mr. Santosh Dadheech, to appear before them in September 2021 and the same was complied with. Additional information, as directed by the CCI was submitted and no request for personal appearance or information request is pending to be complied with. The matter is currently pending with authorities.

9. Our Promoter, ERCSL received a notice under Section 91 of Cr. PC on February 3, 2020 ("**Notice**") from a Senior Police Inspector, Turbhe, *inter alia* directing ERCSL to produce all the original documents listed therein, in respect of the criminal case registered against ERCSL under sections 3, 7 and 8 of the Essential Commodities Act, 1955 and Maharashtra Scheduled Commodities Wholesale Dealers Licensing Order, 2015. The Notice emanates from a 2015 matter in which the Deputy Controller of Rationing, Civil Supply Department of Maharashtra ("**Authority**") issued show cause notices to ERCSL for alleged violation of applicable stock limits. Pursuant to the directions issued by the Authority, the ceased stock was released. Furthermore, ERCSL received a notice from the Office of the Deputy Commissioner of Police, Cyber Crime Cell/Economic Offences Wing ("**Police**") dated August 16, 2016, received by the Police, regarding alleged hoarding of pulses. All information sought by the authorities has been duly provided. The matter is currently pending with authorities.

10. The Deputy Controller of Rationing, Civil Supply Department of Maharashtra ("**Authority**") issued show cause notices dated October 23, 2015, October 30, 2015, October 31, 2015 and October 31, 2015 to our Promoter, ERCSL, 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 ("**FIR**") under the Act. ERCSL argued that the stock limits were not applicable to ERCSL as the stock was imported. Pursuant to the directions issued by the Authority, the ceased stock was released, subject to certain conditions. ERCSL, 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 with authorities.

11. Our Promoter, ERCSL received a notice from Office of the Deputy Commissioner of Police, Cyber Crime Cell / Economic Offences Wing ("**Police**") on August 16, 2016 in relation to a complaint received by the Police, regarding alleged cartelization and nexus of importers-traders causing artificial scarcity of pulses. No request for information or for personal appearance is pending to be complied with. The matter is currently pending with authorities.

12. Food Safety and Standards Authority of India filed a complaint before Additional Chief Judicial Magistrate, Kasganj ("**the Court**") against erstwhile Edelweiss Agri Value Chain Limited (now merged with our Promoter, ERCSL) and Neeresh Kumar, an employee of ERCSL, for alleged violation of Section 31(1) of the Food Safety and Standards Act, 2006 for storing of commodities in warehouse without having Food Safety and Standards Authority of India ("**FSSAI**") license. The matter is currently pending with authorities.

13. Our Promotors have filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, against their customers for dishonour of cheques. Further, in some of the cases, customers have filed appeal against our Promotors. These cases are currently pending across different courts in India.

(iii) Regulatory Proceedings

A. Our Promoter, EFSL along with other Merchant Bankers (**"Appellants"**) preferred an appeal before the Securities Appellate Tribunal, Mumbai ("**SAT**") on May 19, 2016, *inter alia*, challenging an order dated March 31, 2016 **("Order")** passed by an adjudicating officer of SEBI ("**Respondent**") imposing a penalty of INR 10 million jointly and severally on the Appellants for violation of certain disclosure requirements set forth under the SEBI ICDR Regulations, 2009 and adherence to the code of conduct set forth under the SEBI Merchant Bankers Regulations, 1992 for the merchant bankers in relation to the initial public offer of Electrosteel Steels Limited. SAT vide its order dated November 14, 2019, has reduced the penalty amount from ₹ 10 million to ₹ 5 million, and the said order was compiled by the Appellants jointly.

B. Edelweiss Commodities Services Limited (now known as ERCSL i.e. our Promoter) has been served with a letter from the Enforcement Directorate ("**ED**") on August 26, 2016, concerning an enquiry for an alleged violation of the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") in relation to import of pulses by commodities importer and advised to produce certain details like memorandum of association, annual report/balance sheet, bank accounts and details of pulses import since 2011. ERCSL duly complied with the requisitions in September 2016. In June 2021, ERCSL also furnished with additional information about the pulses business – listing of all suppliers, imports, local sales, bank statements, warehousing details and other information. Personal appearances of the ERCSL's executives were sought and the same have been complied with. A show cause notice ("**SCN**") has been served to the ERCSL and the then directors/key executives in this matter in August 2021 by ED under sections 16(3), 10(6) and 42(1) of FEMA. The authorities have alleged that ERCSL has contravened provisions of Section 10(6) of FEMA read with Regulation 6(1) of the FEMA (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000. Mr Venkat Ramaswamy & Mr Rujan Panjwani, both Executive Directors, Edelweiss Financial Services Ltd, have received the said notice in their capacity as directors of ERCSL. ERCSL and other recipients have filed the response to the said SCN.

C. Our Promoter, ERCSL has been served with a Show Cause Notice dated June 30, 2021 ("**SCN**") from the office of the Principle Commissioner of Customs, Hyderabad *inter alia* alleging ₹ 3.1 million was erroneously refunded pertaining to eight consignments of bullion products imported during 2013-2014. ERCSL is in the process of submitting its reply on merit**.**

3. Material litigations involving our Directors as on the date of this Draft Prospectus

(i) Civil Litigation

1. Arvind Ghai ("**Petitioner**"), a resident of Ghaziabad and a retail client of ECL Finance Limited ("**ECL**") filed an injunction suit ("**Suit**") before the Court of Civil Judge, Senior Division, Ghaziabad ("**Court**") against ECL and others including the Director of our Company Biswamohan Mahapatra ("**Defendants**"), seeking permanent injunction and has prayed to restrain any dispossession from his residential property till the final disposal of the recovery Suit filed by ECL before the District Judge, Patiala House Court, Delhi. The Court vide an order dated July 23, 2019 dismissed the Suit. The Petitioner thereafter filed restoration application before the Upper Civil Judge (Senor Division) Ghaziabad against the Defendants. The matter is pending.

(ii) Criminal Litigation

There are no outstanding criminal proceedings involving our Directors as on the date of Draft Prospectus.

(iii) Regulatory Proceedings

There are no outstanding regulatory proceedings involving our Directors as on the date of Draft Prospectus.

4. Litigation involving group companies

Except as disclosed below there are no material outstanding civil proceedings, criminal proceedings or regulatory proceedings involving our group companies.

(a) Edelweiss Gallagher Insurance Brokers Limited ("Edelweiss Gallagher")

(i) Regulatory Proceedings involving Edelweiss Gallagher

1. Edelweiss Gallagher has been served with Notice dated October 12, 2021, from Insurance Regulatory and Development Authority of India ("**IRDA**"), Hyderabad, in relation to the complaint received from M/s. Marsh India Insurance Brokers Private Limited ("**Marsh**") *inter alia* alleging breach of its contractual terms of employment of its former employees namely, (i) Amer Abdul Haleem, (ii) Anand Kolhe and (iii) Tarun Goel and resigned from Marsh to join Edelweiss Gallagher. It is further alleged by Marsh that they had put Edelweiss Gallagher to notice and cautioned against using services of these employee. IRDA advised Edelweiss Gallagher to submit its reply. Edelweiss Gallagher, vide its letter dated October 20, 2021, submitted its reply on merit. The matter is pending.

(b) ECL Finance Limited ("ECL Finance")

(i) Civil Proceedings filed by ECL Finance

Except as disclosed under "*Material litigations and regulatory actions involving our Company – Civil Litigation – By our Company",* there are no other civil proceedings filed by ECL Finance.

(ii) Civil Proceedings against ECL Finance

1. SAM Family Trust and AHA Holdings Private Limited **("Applicants")** have filed Securitization Applications being Dairy Nos. 1260 of 2021 and 1261 of 2021 respectively along with Applications for Interim stay before the Debt Recovery Tribunal, Pune **("DRT")** on November 21, 2021 against Catalyst Trusteeship Limited, Edelweiss Asset Reconstruction Company Limited, ECL Finance, Smaaash Entertainment Private Limited **("Smaaash")** and resident Naib Tahsildar, Mahul **("Defendants**") *inter alia* challenging demand notice dated July 3, 2020 for ₹ 2689.37 million issued by Defendant No. 1, under sub-section (2) of Section 13 of SARFAESI Act, 2002, notice dated October 25, 2021 to take physical possession mortgaged assets located at Village Kunenama, Taluka , Maval, District Pune in pursuance of Order dated June 29, 2021 passed by the Additional District Collector, Pune. Applicants alleged that the classification of NCD account of Defendant Smaaash as non-performing asset for non-payment of interest is contrary to RBI guidelines. Furthermore, alleged assignment agreement dated June 28, 2019, executed by ECL Finance in favour of Edelweiss Asset Reconstruction Company Limited assigning the benefits of NCDs is contrary to regulatory framework of SARFAESI Act, 2002, the SARFAESI Guidelines, 2003 and various guidelines/circulars/directions issued by the RBI. The matter is pending.

2. A Rani ("**Plaintiff**") has filed a suit against ECL Finance and others before for the Court of District Munsiff at Poonamalee for declaration and injunction that the deed of mortgage dated February 23, 2018 which was executed in favour of ECL Finance Limited is invalid and *inter alia* claiming ownership with respect to the mortgaged property. The suit property is one of the properties forming part of the security for the loan of ₹1,450 million sanctioned by ECL Finance to Neptune Developers Private Limited. The Plaintiff has challenged the ownership right of Neptune Developers Private Limited with respect to the said property. Subsequently, ECL Finance has assigned the debt along with underlying securities (which includes mortgage of said property) to Assets Care and Reconstruction Enterprise Limited ("**ACRE ARC**") under deed of assignment dated March 27, 2020. The matter is currently pending.

3. ECL Finance granted secured credit facilities to Fortis Healthcare Holdings Private Limited **("Fortis Holdings")** and RHC Holdings Private Limited **("RHC Holdings")** during 2016 to 2018 amounting to about ₹4200 million against, *inter alia*, the pledge of certain equity shares of Fortis Healthcare Ltd. **("Fortis')** by Fortis Holdings as a security towards repayment of loan amount (Fortis and RHC Holdings collectively

referred to as the **("Borrowers").**

Daiichi Sankyo Company Limited **("Daiichi"),** a creditor has obtained an arbitration award dated April 29 & 30, 2016 against Mr. Malvinder Singh & Mr. Shivendra Singh, promoters of Fortis and RHC Holdings and others **("Respondents")** in Singapore whereby Daiichi was held entitled to receive ₹ 35000 million approximately from Respondents. Daiichi thereafter filed proceeding in Delhi High Court for enforcement of said award by way execution Petition being OMP (EFA) (COMM.) No. 6 of 2016. During the proceedings before Delhi High Court, the promoters of Fortis Holdings and some of their companies had given certain undertakings and subsequently Delhi High court restrained them from pledging their respective shareholding in Fortis and other Companies. These proceedings happened during the period ECL Finance lent and advanced the loans to the Borrowers. Daiichi filed SLP No. 20417/2017 before Hon'ble Supreme Court against the Respondents. Hon'ble Supreme Courts vide its Order dated August 11, 2017 directed the Respondents to maintain status qua with respect to shareholding of Fortis. Hon'ble Supreme Court vide its order dated August 31, 2017 clarified that the interim order dated August 11, 2017 also apply to the encumbered shares of Fortis. ECL Finance being one of the secured creditors, as aggrieved from aforesaid orders filed Application for Intervention No. 98913 of 2017 and Application for Directions being IA No. 98915 of 2017 before Hon'ble Supreme Court. Other secured creditors also filed similar applications. While disposing off the said applications of the secured creditors including that of ECL Finance, the Hon'ble Supreme Court of India on February 15, 2018 allowed the applications of the secured creditors and passed an order *inter alia* clarifying] interim orders dated August 11, 2017 and August 31, 2017 to mean that the status quo granted shall not apply to shares of Fortis Healthcare Limited held by Fortis Healthcare Holdings Private Limited as may have been encumbered on or before the interim orders of this Court dated August 11, 2017 and August 31, 2017.

ECL Finance therefore, during the period from February 16, 2018 and February 26, 2018 sold the 3,27,75,000 shares of Fortis pledged by Fortis Holdings as security for the loans to recover its dues.

Subsequently Daiichi filed a Contempt Petition (CC. 2120/2018 in the SLP (C) No. 20417/2017 before the Hon'ble Supreme Court of India ("**Court**"), against Indiabulls Housing Finance Limited ("**Indiabulls**") for violation of order dated August 11, 2017 and August 31, 2017 wherein Indiabulls was found guilty and directed to deposit the amount. ECL Finance was not a party to the contempt proceedings. *Suo motu* contempt proceedings were initiated by the Court in 2019 under © Motu Contempt Petition (C) No. 4 of 2019 and the Court vide order dated February 18, 2021 directed all the banks / financial institutions to file an affidavit bringing on record the entire transactions and to inspect whether there any violation of undertakings / status quo orders had taken place. ECL Finance filed the affidavit in compliance of this order. The matter is reserved for judgement.

In the interim, Daiichi has moved Execution Application No. 819 of 2020 before Delhi High Court against the Promoters, various Banks and Financial Institutions including ECL Finance, in whose favour the shares of Fortis were pledged by the promoters of Fortis Holdings and their companies. Daiichi has claimed that the Promoters and their Companies had created pledge in violation of the undertakings given and order passed by DHC. Daiichi has prayed for declaring the pledge as void and alternatively if the pledge shares are already sold then direction to banks and NBFCs to deposit/refund the shares price of sold shares. Daiichi *inter alia* prayed against ECL Finance to set aside the creation of 3,09,55,000 Fortis Healthcare Limited shares held by Fortis Healthcare Holdings Private Limited and pass a consequential order of attachment and sale of 3,09,55,000 Fortis Healthcare Limited shares held by Fortis Healthcare Holdings Private Limited Or in the alternative direct ECL Finance to deposit a sum equivalent to the value of 3,09,55,000 Fortis Healthcare Limited shares held by Fortis Healthcare Holdings Private Limited as on June 21, 2017 before this Hon'ble Court. On December 18, 2020 ECL Finance filed its counter reply before the Delhi High Court. The matter is pending.

4. ECL Finance and Edelweiss Broking Limited have been served with Writ Petition bearing (stamp) no. 6589 of 2021 alongwith Summons filed by Yes Bank AT1 Bondholders Associations (398 bondholders) before the Bombay High Court against RBI & 15 others including Union of India through Secretary, Ministry of Finance, SEBI, Yes Bank, CDSL, BSE *inter alia* seeking to quash and set aside the impugned letters dated March 14, 2020 and March 17, 2020 of Yes bank as it pertains to write off of Yes Bank AT1 Bonds holding of the individual retail investor and made a claim of ₹ 160 Cr against Yes Bank. ECL Finance and Edelweiss Broking Limited, have also been made a party as Respondent no. 11 and 15 respectively. Petitioner also filed an application for interim relief against ECL Finance and EBL, *inter alia* for orders against the directors and promoters of Edelweiss Broking Limited and ECL Finance not to leave India, during the pendency of the proceeding. Matter is pending for appearance and hearing before Bombay High Court.

(iii) Criminal Proceedings filed by ECL Finance

1 A criminal complaint filed by ECL Finance against Prakash Patel, Kalpesh Padhya, Vyomesh Trivedi and Gaurav Davda (together referred to as "**Accused No. 1**") before the Joint Commissioner of Police, Economic Offences Wing, Unit – V, Crime Branch, Mumbai ("**EOW**") for criminal breach of trust and cheating amounting to ₹ 82.9 million. During the investigation, one more person, Mukesh Kanani was impleaded as an accused ("**Accused No. 2**"). FIR was registered against the Accused No. 1 and 2 for an offence under sections 420 34 of IPC. EOW filed charge sheet against both the accused. The matter is currently pending.

2. ECL Finance has filed a criminal complaint before the BKC police station, Bandra against Mahesh Chavan, proprietor of Global Overseas, Kaushal *alias* Renu Menon, Deepali, Sandeep Kelkar and Rohit Paranjape, Deodhar Gholat ("**Accused**") for committing an act of cheating with respect to purchase of a car, for ECL Finance's employee, Ram Yadav. Subsequently, a first information report dated December 2, 2014 ("**FIR**") was filed with the BKC Police station for procurement of documents. The police filed a case on January 27, 2015 before the 9th Metropolitan Magistrate Court at Bandra ("**Court**"). The matter is currently pending.

3. ECL Finance, pursuant to the requirements under an 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 ECL Finance against their property. ECL Finance filed a complaint on August 12, 2016 against the Borrowers under various sections of IPC and relevant provisions of the Maharashtra Control of Organised Crime Act, 1999 for allegedly defrauding ECL Finance. Further, ECL Finance has submitted documents requested by EOW, Pune in relation to the complaint. The matter is currently pending.

4. A criminal complaint dated October 31, 2019 ("**Complaint**") was filed by ECL Finance before the Bandra Kurla Complex, Mumbai Police Station against JSK Marketing Limited, its directors, and others ("**Accused**") for having committed offence *inter alia* criminal breach of trust, fraud, cheating punishable under various provisions of IPC and Maharashtra Control of Organized Crime. ECL Finance in its Complaint has alleged the Accused for wrongful loss of towards SME equipment Loan amounting to ₹ 20.9 million. BKC Police Station registered FIR bearing No. 300/2020 against Directors of JSK Marketing Limited under sections 403, 406, 420 read with section 34 of IPC. Kunal Jiwarajka, one of the Accused made an application before the Sessions Court at Mumbai for anticipatory bail being No. 27 of 2021, which was rejected by the by the Hon'ble Court vide its order dated February 3, 2021. Being aggrieved, the said Accused preferred an Appeal before the Bombay High Court being No. ABA/385 /2021. ECL Finance filed Intervention Application for opposing the said anticipatory bail application. The matter is currently pending.

5. ECL Finance has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their customers for dishonour of cheques. Further, in some of the cases, customers have filed appeal against our Company. These cases are currently pending across different courts in India.

(iv) Criminal Proceedings against ECL Finance

1. Chayya Jitendra Mohite, a client of Edelweiss Broking Limited has filed a Criminal Writ Petition being No. 225 of 2020 ("**Petitioner**") before High Court at Mumbai against Senior Police Officer, Vakola Police Station, Mumbai and State of Maharashtra, the Respondents *inter alia* praying for an order directing Respondent No. 1 to register FIR on the Petitioner's complaint dated June 25, 2020 filed with Respondent No. 1 against Edelweiss Broking Limited, ECL Finance and S. R. Batliboi and Company LLP and thereafter transfer the same to Economics Offences Wing ("**EOW**") or Central Bureau of Investigation ("**CBI**") for further investigation. Petitioner *inter alia* alleged the opening of his and his family members loan account/s with ECL Finance without knowledge and consent. On January 20, 2021, Edelweiss Broking Limited and ECL Finance appeared before the Hon'ble Court as intervener, when Hon'ble Court allowed the Petitioner to amend the Petition and served the copies thereof upon all the Respondents and Interveners. The Petition is pending for hearing.

2. The Directorate of Enforcement ("**Complainant**") filed an original complaint dated September 3, 2016 with the Adjudicating Authority under the Section 5(5) of PMLA against Kingfisher Airlines Limited, Vijay Mallya, and others for acquisition of property using proceeds of crime in terms of Section 2(1)(u) of PMLA. Certain shares of Vijay Mallya and his associates were pledged with ECL Finance as security ("**Pledged Securities**") for

various loans availed by them. The Complainant has sought for attachment of the Pledged Securities. The Adjudicating Authority, (Prevention of Money Laundering Act), New Delhi has confirmed the provisional attachment vide an order dated February 22, 2017 and ECL Finance has challenged the same vide an appeal before the Appellate Authority. The matter is currently pending.

3. ECL Finance filed a criminal writ petition on June 12, 2018 against State of Maharashtra and others *inter alia* challenging order dated April 18, 2017 passed by the 47th Magistrate Court, Esplanade Court at Mumbai directing ECL Finance to satisfy the claim of 18 Flat purchasers in project Godrej Central and Kamla Aquina, as and when said purchasers approach to the Magistrate's Court. This case pertains to project Godrej Central and Kamla Aquina, which is one of security provided by Rajiv Construction Company ("**Kamla Group**") for NCD of about ₹870 million subscribed by ECL Finance. Since the Promoters of the Developer Company were taken in police custody by Economic Offence Wing, Mumbai for various complaints filed by the flat purchasers alleging fraud in various projects, the Project Acquina which is offered as a security has remain incomplete. In order to complete the project through Project Management Contract ("**PMC**") to recover ECL Finance's dues from the flat purchasers, ECL Finance had moved an application to the Magistrate Court for allowing accused promoters of Rajiv Construction Company to execute the PMC agreement etc. However, while deciding the application, Economic Offence Wing had submitted that beside the flat purchasers, which are known to ECL Finance, there were 18 more flat purchasers. ECL Finance had refused to entertain claim of those 18 flat purchasers as the promoters were not taken no objection certificate from ECL Finance to sell those 18 flats and had not deposited the advance with ECL Finance though the property was mortgaged with ECL Finance. The Magistrate while allowing the application of ECL Finance had directed ECL Finance to consider the claim of those 18 flat purchasers. Thus, ECL Finance filed the present Petition. Subsequently, this account has been assigned by ECL Finance to Omkara Assets Reconstruction Private Limited vide Assignment Agreement dated June 15, 2020. The matter is currently pending.

4. Rajiv Shivram Rane, proprietor of Jankie Properties vide his letter dated August 18, 2020 filed a complaint with Economics Offences Wing, Mumbai against Sanghvi Gruha Nirman Private Limited ("**Mortgagor**") and ECL Finance *inter alia* alleging cheating having deprived him of getting his percentage of area shares to be allotted under the development agreement executed between him and Sanghvi Gruha Nirman Private Limited and caused him to pay rentals to Maharashtra Housing & Area Development Authority of the tenants etc. Sanghvi Gruha Nirman Private Limited, thereafter in order to raise finance for construction of building mortgage the said properties with ECL Finance under mortgaged deed dated March 21, 2016, wherein complainant was the confirming party. Pursuant thereto ECL Finance granted a loan of ₹ 1,500 million to Sanghvi Gruha Nirman Private Limited, however said Sanghvi Gruha Nirman Private Limited failed to utilize the loan amount towards constructions of building. Due to raising of loan against the land properties and not doing construction, he could not deliver the flats to the original tenants and compelled to pay rents to the original tenants. On December 5, 2020 representative of ECL Finance along with legal counsel had attended the office of Economics Offences Wing for recording of statement in the matter. The investigation is pending.

5. ECL Finance has received notices dated December 28, 2020 from Investigating Officer ("**IO**"), Mahanagar Police Station, Lucknow, UP issued under Section 41 (A) of CrPC addressed in the name of ECL Finance, Ms. Madhur Bhatia, relationship manager, Romanshu Tandon, Himanshu Chhatrawal, Zonal Manager and Rashesh Shah, Chairman (the "**Accused**") *inter alia* informing that FIR No. 497 of 2020 has been registered against the Accused under sections 406 and 420 of IPC based on the complaint filed by one Amir Ahmad ('**Complainant**") and directed to appear before IO for investigation with respect to the said FIR. Complainant alleged that ECL Finance arbitrarily liquidated his 4383 equity shares of HDFC Bank Limited, pledged with ECL Finance as Security for repayment of ESOP loan facility amounting to ₹ 5.74 million and unsecured loan facility amounting to ₹ 2.35 million availed by the Complainant. ECL Finance limited vide its letter dated January 12, 2021, replied to the said notice alongwith relevant documents denying the allegations made by the Complainant. All addressees of notice dated December 28, 2020 filed their reply vide letter dated February 2, 2021. The investigation is currently pending.

6. ECL Finance received a notice dated January 12, 2021 from Station House Officer ("SHO"), Bhankrota Police Station, Jaipur (west) under Section 91 of Cr. P. C. *inter-alia* informing that he is investigating crime in FIR No. 371of 2020 registered under Sections 420, 467, 468, 471 read with Section 120 B of IPC filed by one Vinod Kumar Bothra **("Complainant")** against Moolchand Bothra, Trilokchand Das Ahuja, Kamal Kumar Bothra, Sunil Jain, Saurabh Khandelwal and Manager, ECL Finance. The Complainant alleged that accused made a forged mortgaged document, in respect of plot of land being No. F-69, Bindayaka Industrial Estate, RIICA, Jaipur belongs to his partnership firm Jain Industries without his knowledge and consent and availed a loan from ECL Finance.

SHO requested to furnish certain mortgaged loan documents pertaining to Borrowers, Jain Industries such as Loan Agreement, statement of accounts etc. During September 2021, officials of ECL Finance attended investigation and submitted copies of required information and documents. SHO vide another notice dated December 15, 2021 requested to furnish original loan agreement alongwith name and contact details of sanctioning authorities. ECL Finance is in process of complying with the same. The investigation is pending.

(c) Edelweiss Asset Reconstruction Company Limited ("EARC")

(i) Civil Proceedings filed by EARC

1. IDFC First Bank Limited (Assignor bank and applicant in the original application) filed an application in Debt Recovery Tribunal, Hyderabad ("**DRT**") against Coastal Projects Limited, and others for recovery of the debt amount from defaulter, Coastal Projects Limited amounting to ₹ 2,382.76 million. EARC has acquired the debts pertaining to Coastal Projects Limited from IDFC Bank Limited vide Assignment Agreement dated August 24, 2018. After assignment of debts, EARC has filed an application for impleadment as an applicant, in its capacity as assignee, in the original application ("**OA**") filed by IDFC Bank Limited in DRT, which was allowed.

   Defendants also filed their counter claim of about ₹2,390 million against the Assignor Bank on the ground that Bank, which was holding 3,385,939 shares of the defendant company in security, have liquidated at a much lower price of about ₹670 million without any notice to the defendants. Defendants alleged that the liquidation is in violation of the provisions of the agreement executed between the Bank and the Defendants and the Assignor bank ought to have realized ₹ 3,510 million upon liquidation of securities.

   Since the corporate debtor (i.e., Coastal Projects Limited) has undergone liquidation under IBC, EARC had filed an interim application for bringing on record the liquidator. The said interim application for bringing on record the liquidator has been allowed and the matter was listed on March 2, 2020 for carrying out amendment in the original application and issuing notices to the liquidator. The matter is pending.

(ii) Civil Proceedings against EARC

Except as disclosed below and under "*Litigation involving group companies – ECL Finance – Civil Proceedings against ECL Finance",* there are no other civil proceedings against EARC.

1. Winsome Yarns Limited, the plaintiffs have filed a Civil Suit being No. 444 of 2020 before Civil Judge (Junior Division), Ludhiana against the State of Punjab and EARC *inter alia* for declaration that the assignment agreement dated December 10, 2015 executed between Punjab National Bank **("PNB")** and EARC, acting in its capacity of trustee of SC Trust 168 for the exposure of Winsome Yarns Ltd should not be relied upon by any legal forum. The purchase consideration of the assignment agreement executed between PNB and EARC, is amounting to about ₹ 479.5 million. On February 13, 2020, EARC filed its written statement and filed an application under order 7 rule 10 of CPC for return of plaint consequent upon misjoinder of cause of actions. On February 24, 2020, the Plaintiffs filed its reply to said application. The matter is pending for hearing due to pandemic Covid-19.

2. Winsome Yarns Limited, has filed a Petition being Miscellaneous Application No. 24 of 2020 before the Court of Chief Controlling Revenue Authority-cum-Financial Commissioner (Revenue) Punjab, Chandigarh **("CCRA")** *inter alia* praying for an order that EARC be directed not to act upon the assignment agreement dated December 10, 2015 executed between PNB and EARC for want of paying requisite stamp duty before any lawful authority including DRT/NCLT, Chandigarh etc. CCRA vide its interim order dated February 3, 2020 passed an order to issue notice to District Collector, Ludhiana to submit certified copy of the assignment agreement dated December 10, 2015 and to submit his opinion on quantum of stamp duty, if any payable and if so, by which party. CCRA further passed an order to issue notice to EARC for appearance before CCRA and to contest the stamp duty liability amounting to about ₹ 14.59 million and interest, if any. On February 19, 2020 EARC entered its appearance, however on account of pandemic Covid-19, matter adjourned from time to time. On October 07, 2020 EARC filed its reply and an application for maintainability of miscellaneous application, which was rejected by CCRA. The matter is pending for final arguments.

   In the meantime, EARC filed a Civil Writ Petition being No. 13346 of 2020 before the High Court at Punjab & Chandigarh against (i) State of Punjab through CCRA, Punjab, (ii) Deputy Commissioner, Ludhiana and

(iii) Joint Sub Registrar cum Naib Tehsildar, Mullanpur Dhakan, Ludhiana *inter alia* challenging the ex-parte interim order dated February 03, 2020 passed by CCRA.

Winsome Yarns Limited, filed an application before the Hon'ble High Court to become a party in Civil Writ Petition filed by EARC, which was allowed by the Court vide its Order dated November 5, 2020 with the observations that Winsome Yarns Limited shall assist the Court on the legal aspect of payment of stamp duty. On December 7, 2020, the Hon'ble High Court observed that the CCRA would dispose of the pending application of EARC qua maintainability and pass an appropriate order thereon in accordance with law. The said writ petition was disposed off vide order dated October 26, 2021 wherein the Hon'ble High Court of Punjab and Haryana, while allowing said petitions has set aside impugned orders in all the petitions and the consequence of the same is that EARC no longer has any stamp duty liability as on date. The matter is pending before CCRA

CCRA vide its order dated December 18, 2020 held that the Financial Commissioner has the jurisdiction to adjudicate the Miscellaneous Application No. 24 of 2020 and is maintainable for final adjudication. Application is pending for final adjudication.

(iii) Criminal Proceedings filed by EARC

1. Catalyst Trusteeship Limited ("**Debenture Trustee**"), on behalf of EARC Trust ("**Debenture Holder**") filed a criminal case on May 24, 2019 before the Metropolitan Magistrate's 28th Court ("**MMC**"), Esplanade, Mumbai (the "**Court**"), against Smaaash Entertainment Limited and its directors and officials (collectively referred to as "**Accused**") under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881. The Accused issued and delivered a cheque for an amount of ₹1,120 million drawn on HDFC Bank, Mumbai in favour of EARC towards its liabilities in respect of non-convertible debentures. The said cheque was dishonoured on its presentation vide its order July 31, 2019. The Court issued summons against the Accused under Section 138 of Negotiable Instrument Act, 1881. The Accused has been given time to settle the dues. The mater is currently pending.

2. EARC has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their customers for dishonour of cheques. Further, in some of the cases, customers have filed appeal against our Company. These cases are currently pending across different courts in India.

(iv) Criminal Proceedings against EARC

1. EARC acquired the Portfolio of 27 assets in March 2014 including the accounts of the Perfect group consisting of (i) Perfect Engineering Products Limited; (ii) Perfect Engine Components Private Limited; and (iii) Karla Engine Components Limited from State Bank of India.

   Post-acquisition, the promoters of Perfect Group approached EARC to restructure the dues of the Perfect Group accounts. The promoters introduced, the Chhatwal brothers ("**Investors**") including Hitesh Chhatwal to EARC as strategic investors who were purportedly willing to make an equity infusion into the Perfect Group companies and provide working capital support. EARC approved the restructuring proposal/plan of Perfect group companies on the basis of various representations made by the Promoters and the Investors.

   The Perfect group companies failed to comply with the terms and conditions of the restructuring plan and EARC was compelled to revoke the same in 2016 and in 2018. EARC thereafter decided to move towards recovery from secured assets in accordance with law. To stall such recovery, dated February 26, 2019 there was a complaint filed by the Hitesh Chatwal (one of the Investors) with Economic Offences Wing against the Promoters and EARC. Subsequently, the said complaint was closed by Economic Offences Wing after investigations.

   EARC thereafter, received letter dated February 26, 2019 from inspector of Police G.C III, Economic Offences Wing Mumbai directing officials of EARC to attend his office regarding fresh complaint filed by Hitesh Chatwal in January 2020 along with the supporting documents namely, due diligence of Perfect group companies, ledger book maintained for business between Edelweiss and Perfect Group, balance sheet reports of Perfect Group between the Fiscal 2015 to Fiscal 2018. The matter is currently pending.

2. Pankaj Sharma filed a contempt application before the Court of Civil Judge Gurgaon under section 94(C) read

with Order XXXIX (2A) and Section 151 of the CPC against EARC for disobedience and breach of injunction The injunction was granted in civil suit filed by Pankaj Sharma against RPS Clothing ("**Borrower**"), where stay was granted in taking any action against the properties of Borrower and praying for civil imprisonment of Siby Antony, an employee of EARC. On January 31, 2020, advocates appearing for EARC argued that the present suit is infructuous since Pankaj Sharma has not even made EARC the party to the suit. The presiding judge had also asked Pankaj Sharma to withdraw the suit. The matter is currently pending for arguments on the issue of maintainability.

3. Debt of Aqua Logistics Limited ("**Aqua**") was acquired by EARC from Bank of India. Post assignment, EARC initiated action under SARFAESI with respect to an asset belonging to the guarantor being a residential premises at Mumbai and in the process filed an application before the Chief Magistrate Court ("**CMM Court**"), seeking possession orders. In the said proceedings, the third party filed an intervention application contesting the SARFAESI proceedings initiated by EARC. The said third party claimed to have a right over the secured asset on the basis of an arbitration award and an attachment warrant issued by the Bombay High Court over the secured asset in the execution proceedings initiated by the said third party for execution of the award passed in his favour. The said third party has also filed an application, under section 340 of CrPC against EARC and its officers. EARC filed a chamber summons for vacating the attachment warrant passed by the High Court in the execution proceedings of the third party. The Bombay High Court passed an interim order in favour of EARC staying the attachment warrant. After a series of litigation proceedings, EARC obtained possession orders from the CMM Court, and the Commissioner appointed by the CMM Court took possession of the mortgaged property and handed over the possession to the authorised officer of EARC. EARC put the mortgaged asset for auction under SARFAESI and successfully auctioned the asset in March 2020. EARC has simultaneously filed a recovery suit against Aqua Logistics Ltd, qua the principal borrower and Harish G. Uchil and Rajesh G. Uchil qua guarantors before Debt Recovery Tribunal - II, Mumbai and the same is pending adjudication and is currently at the stage of evidence. The principal borrower is undergoing liquidation under the orders of Bombay High Court. The matter is currently pending.

4. The Enforcement Director attached the Orissa plant of Bhushan Power and Steel Limited ("**BPSL**") in October 2019 while BPSL was in Corporate Insolvency Resolution Process ("**CIRP**") under IBC. The charge over the plant was given to certain financial institutions in a consortium for the financial facilities extended to BPSL. EARC is a part of that consortium. The matter has been filed before Supreme Court of India by the Committee of Creditors through Punjab National Bank, seeking clarification on retrospective applicability of section 32A under IBC. The matter is currently pending.

(d) Edelweiss Retail Finance Limited ("Edelweiss Retail")

(i) Civil Proceedings filed by Edelweiss Retail

Except as disclosed under "*Material litigations and regulatory actions involving our Company – Civil Litigation – By our Company",* there are no other civil proceedings filed by Edelweiss Retail.

(ii) Criminal Proceedings filed by Edelweiss Retail

Edelweiss Retail has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their customers for dishonour of cheques. Further, in some of the cases, customers have filed appeal against our Company. These cases are currently pending across different courts in India.

(e) Edelweiss Finance & Investments Limited ("EFIL")

(i) Civil Proceedings filed by EFIL

Except as disclosed under *"Material litigations and regulatory actions involving our Company – Civil Litigation – By our Company",* there are no other civil proceedings filed by EFIL.

(f) Edelweiss Tokio Life Insurance Company Limited ("Edelweiss Tokio")

(i) Criminal proceedings against Edelweiss Tokio

1. Sekhar Kumar Chanda **("Complainant"),** a policyholder filed a first information report dated March 13, 2018,

before Baguihati Police Station, Kolkata under Section 420, 468, 470 and 471 of IPC alleging signature forgery and cheating vis-à-vis mis-selling against Edelweiss Tokio and others. Police authorities have filed final report before Addl. Chief Judicial Magistrate, BDN, North 24 Parganas, Kolkata for discharge of accused persons. The matter is currently pending for final orders.

(g) Edelweiss Custodial Services Limited ("ECSL")

(i) Civil Proceedings against ECSL

1. Arebee Shipping Company Private Limited and its promoter family, who claim to be clients of Anugrah Stock and Broking Private Limited ("**Anugrah**"), filed a suit before the Bombay High Court against Anugrah, Teji Mandi and ECSL ("**Suit**"). The principal allegation in this Suit is that Anugrah and Teji Mandi have misused the power of attorney given to them by the client to misappropriate securities/funds of the client. The Bombay High Court has also passed interim orders directing Anugrah and Teji Mandi to file an affidavit of disclosure to disclose ledger accounts, details of trades, etc. executed on behalf of their clients. The matter is currently pending.

2. On October 4, 2020, ECSL were served with three arbitration petitions ("**Arbitration Petitions**") filed by Lalit Shah, Lalit Shah HUF and Prafulla Shah ("**Petitioners**"), all of whom claim to be clients of Anugrah Stock and Broking Private Limited ("**Anugrah**"). The principal grievance raised in these Arbitration Petitions is that stocks / securities / units entrusted by the Petitioners with Anugrah have been wrongly sold by Anugrah and ECSL. The Petitioners have also sought a direction that Anugrah and ECSL remit back the securities / stocks / units belonging to the Petitioner or deposit in Court an equivalent aggregate sum. The matter is currently pending

3. Writ Petition has been filed before the Bombay High Court by Jaidev Krishnan Iyer, Ashwin Kantilal Mehta and Vimal Kishor Sikchi, Mahendra Kumar Mohta respectively, who claim to be end investors who have invested their monies and given shares as collateral to Anugrah Stock & Broking Private Limited ("**Anugrah**"). The Petitioners have alleged that the securities placed by them were wrongfully liquidated by Anugrah and ECSL. The main prayers of these Petitions is to seek a Special Investigation Team to conduct investigation into the affairs of NSE, NCL, BSE, ECSL, ICICI Bank, Anugrah and Teji Mandi Analytics Private Limited and their auditors to ascertain the role played by each of the entities and submit a report. The matter is currently pending.

4. Writ Petition has been filed before the Bombay High Court by Nimish Shah and others including Karim Maredia, Alpita Apurva Mayekar and others, end clients of Anugrah Stock & Broking Private Limited ("**Anugrah**") *inter alia* seeking a direction against SEBI to take action against all Respondents including NSE, NCL, CDSL, Edelweiss Custodial Services Limited, Anugrah and Teji Mandi, and pass appropriate orders to protect the interest of the Petitioners and other investors The matter is currently pending for hearing.

(ii) Criminal Proceedings involving ECSL

1. On a complaint made by certain end-clients of Anugrah Stock and Broking Private Limited ("**Anugrah**"), the Economic Offence Wing ("**EOW**") registered a first information report dated September 9, 2020 against Anugrah and its affiliates/promoters for defrauding customers under Ponzi scheme and lured investors with assured returns of 15% to 20%. Although ECSL is not an accused in that matter, the Economic Offence Wing passed a direction marking a debit lien on ECSL's Clearing Account held with Citibank to the tune of ₹ 4,603.2 million. ECSL challenged this direction before the 47th Additional Chief Metropolitan Magistrate's Court at Esplanade, Mumbai. The Additional Chief Metropolitan Magistrate's 47th Court at Esplanade, Mumbai has temporarily lifted the lien on ECSL's clearing account by passing a stay order. The matter is currently pending.

(iii) Regulatory Proceedings involving ECSL

1. NSE Clearing Limited ("**NCL**") had issued a Show Cause Notice ("**SCN**") dated January 8, 2020, after completing the limited purpose inspection to understand the issue raised by the trading member Vrise Securities Private Limited ("**Vrise**"). NCL made certain observations in its SCN and a personal hearing was scheduled before the Member and Core Settlement Guarantee Fund Committee ("**MCSGFC**") of NCL. The MCSGFC of NCL passed an order dated February 12, 2020 stating that ECSL should reinstate such securities that are liquidated by ECSL. ECSL thereafter filed an appeal against the impugned order with Securities Appellate Tribunal ("**SAT**") and a Miscellaneous Application. SAT by its order dated February 26, 2020

granted a stay. The matter is currently pending.

2. NSE Clearing Ltd ("**NCL**") had issued a Show Cause Notice ("**SCN**") dated September 19, 2020 after completing the Limited Purpose Inspection to understand the issue raised by the trading member Anugrah Stock & Broking Private Limited ("**Anugrah**"). NCL made *inter alia* certain observations in its SCN and personal hearing was scheduled before Member and Core Settlement Guarantee Fund Committee ("**MCSGFC**") of NCL. The MCSGFC of NCL passed an order dated October 20, 2020 stating that post detailed scrutiny of NSE, the quantum of securities to be re-instated will be intimated by NSE to ECSL for further action. Further, a penalty of ₹ 0.1 million has also been levied. ECSL thereafter filed an appeal against the impugned order with Securities Appellate Tribunal ("**SAT**") and SAT by its order dated November 5, 2020 while granting a stay order *inter alia* directed ECSL to give an undertaking to NCL that ECSL will deposit ₹ 2,120 million or any other amount as may be directed by tribunal after disposal of appeal. The matter is currently pending.

3. NSE Clearing Ltd ("**NCL**") had issued a Show Cause Notice ("**SCN**") dated August 24, 2021 after completing the Regular Inspection of Books of ECSL. NCL made *inter alia* certain observations in its SCN which was duly responded by ECSL vide its letter dated September 8, 2021. On October 6, 2021, a personal hearing was concluded before the Member and Core Settlement Guarantee Fund Committee ("**MCSGFC**") of NCL and in pursuance thereof, ECSL submitted its written submission dated October 13, 2021. The matter is currently pending.

(h) Edelweiss Securities Limited ("ESL")

(i) Criminal proceedings against ESL

1. Sharad Jagtiani, a client of ESL filed an application dated November 11, 2008 under Section 156(3) of the CrPC before the Additional Chief Metropolitan Magistrate, Rohini Courts, Delhi ("**Court**") against directors and senior authorized ESL alleging unauthorised trading in futures and options ("**F&O**") in Sharad Jagtiani's account and a loss of approximately ₹ 4.1 million to Sharad Jagtiani's son on account of cheating, breach of trust and conspiracy. [A first information report dated January 16, 2009 ("**FIR**") was registered in Subhash Palace Police Station, Delhi, alleging loss of approximately ₹ 4.1 million in the stock market trade on account of cheating, breach of trust and conspiracy by the Sharad Jagtiani. The police proceeded to investigate the allegations and on October 11, 2010, a closure report ("**Report**") was filed by the investigating officer before the Court. The Report was challenged by Sharad Jagtiani by way of Application under Section 173 (8) of the CrPC. The matter is currently pending.

2. S & D Financials Private Limited ("**SDFL**"), a client of ESL filed an application under Section 156(3) of the CrPC pursuant to which a first information report dated March 22, 2008 ("**FIR**") was registered under various sections of IPC against ESL and others. In the FIR *inter alia* alleged unauthorised trading, criminal breach of trust and cheating in future and options transactions amounting to ₹ 8.48 million. ESL vide a letter dated September 8, 2008, denied all the allegation against it and *inter alia* stated that (a) there are arbitration proceedings initiated by ESL against SDFL for non-payment of monies which are currently pending; and (b) there was a running account maintained between ESL and SDFL and only when SDFL suffered a loss in January 2008, it chose to file a criminal complaint on frivolous grounds to avoid payment of monies to ESL. The matter is currently pending.

(i) Edelweiss Broking Limited ("EBL")

(i) Civil proceedings filed against EBL

Except as disclosed under *"Litigation involving group companies – Civil Proceedings against ECL Finance",* there are no material other civil proceedings filed against EBL.

(ii) Criminal proceedings filed by EBL

1. EBL has filed a criminal writ petition ("**Petition**") against State of Maharashtra and BKC police station before Bombay High Court praying that Central Bureau of Investigation or any other investigating agency be directed to investigate the offence committed by Pranav Patki under the provisions of IPC. The matter is currently pending.

2. EBL 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 Trademarks 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 email media by creating fabricated email id 'edelweissfal@gmail.com' online uploaded on Cyber Cell web-site (on-line) to mislead the public at large by using the Complainant's registered logo. The matter is currently pending 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.

3. EBL filed a criminal complaint dated December 14, 2021 before Station House Officer, Desh Bandhu Gupta Road, Pahar Ganj, New Delhi against its Ex-employee Ishan Pundit and other unknown persons for he having engaged in illicit activities of unauthorised trading in clients account thereby causing a loss of about ₹ 1.24 million. The investigation is pending.

4. EBL has filed cases under Section 138 of the Negotiable Instruments Act, 1881, against their customers for dishonour of cheques, which are currently pending before Courts.

(iii) Criminal proceedings filed against EBL

Except as disclosed below and under "*Litigation involving group companies – Criminal Proceedings against ECL Finance*", there are no other criminal proceedings filed against EBL.

1. Rajat Tyagi ("**Complainant**") has filed a complaint and lodged FIR on February 22, 2020 ("**FIR**") under Section 406 of IPC with the Kotwali police station, Bijnor, Uttar Pradesh against Mohit Singhal, advisor of EBL authorized complainant alleged unauthorised share transactions to an amount of ₹ 0.25 million. By its email dated May 14, 2021, EBL filed its reply dated May 11, 2021 alongwith relevant recordings and transcripts with Investigating Officer ("**IO**") against the undated letter of the Complainant for re-investigation of case. No further information has been sought by IO.

2. Manish Varshney ("**Complainant**") filed a first information report 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 IPC for alleged fraudulent trading using the Complainant's trading account. Subsequently, Manoj Gupta filed a criminal petition) 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 CrPC. The matter is currently pending.

3. Amarjeet Arora filed a complaint before Economic Offence Wing, Ludhiana for alleging wrong transactions carried out in his account. EBL received a notice from Economic Offences Wing asking EBL to produce documents from account opening date, which were furnished in first week of May 2013. During personal visit to Ludhiana on May 14, 2013 by an EBL representative, Investigating Officer directed EBL to produce more documents in respect of trades executed from March 2012 till April 2013 along with voice recording. Statement has been recorded by Investigating Officer on July 26, 2013, and relevant documents have been taken on record. Final hearing took place on September 13, 2013 before the IO for closure of complaint. The matter is pending for further directions.

4. A first information report dated December 5, 2013 was filed by Gaurang Doshi ("**Complainant**") against one Mehul Kantilal Vala, ex-employee of the complainant under Section 154 of the CrPC for violation of Sections 408, 418, 381 and 506(2) of IPC with Ellisbridge Police Station at Ahmedabad, for alleged theft of the physical

share certificates of different companies, challan of the banks and cash of ₹ 0.03 million aggregating to value of ₹4 million, pursuant to which EBL received a notice dated December 11, 2013 from Ellisbridge Police Station at Ahmedabadm *inter alia* requesting to produce relevant documents pertaining to Delivery Instruction Slips ("**DIS**") lodged by Mehul Kantilal Vala along with relevant share certificates as well as Demat Account Statement of the Complainant, which has been provided by EBL *vide* its letter dated December 13, 2013 and December 23, 2013. The Company official Rakesh Kori of Ahmedabad office recorded his statement on behalf of the company. The matter is currently pending.

5. Baburajan Pillai, a client of EBL, filed a police complaint before S Roopesh Raj, PSI, Anjalummoodu, Kollam Police station under Sections 408, 418, 468 and 420 of IPC for unauthorised trading in his account. His complaint is that one of EBL's officials 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, under Section 91 of CrPC directing EBL to provide the relevant documents, which have been duly submitted. The matter is currently pending.

6. H. R. Verma ("**Complainant**") filed a criminal complaint ("**Complaint**") before the Judicial Magistrate First Class, Bhopal ("**Judicial Magistrate**") under Sections 406, 420, 467, 468, 471 and 120B of IPC 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 shares of Reliance Industries Limited 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 under Section 397 of the CrPC 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.

7. George Ommen ("**Complainant**") filed a criminal case dated July 10, 2008 ("**Criminal Case**") before the Chief Judicial Magistrate Court at Ernakulum ("**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 IPC. Subsequently, the Complainant moved an application dated December 24, 2014 ("**Application Order**") 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, Rashesh Shah applied to stay the Order and all further proceedings in the Criminal Case. EBL filed quashing petition 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 (Ernakulum) was produced before the Metropolitan Magistrate Court. By an Order dated January 10, 2018, the Kerala High Court has set aside the Order dated July 7, 2015 passed by the Magistrate Court, Ernakulum to implead Rashesh Shah as party respondent as in the finding the High Court concluded that the procedure adopted by the Metropolitan Magistrate Court to implead Rashesh Shah per se is illegal. On February 15, 2019, George Ommen filed another petition to implead Rashesh Shah as an accused and the same has been dismissed by the Court. Complainant thereafter, on May 27, 2019 filed fresh Petition before Chief Judicial Magistrate, Kochi for substitution of Anagram Securities Limited to Edelweiss Financial Services Ltd. On August 31, 2019, EBL filed its objection to the fresh Petition. The matter is currently pending.

8. On December 11, 2020, EBL received a notice under section 54 of PMLA from Directorate of Enforcement, Government of India, Jaipur ("**ED**") in respect of investigation against Clients, M/s. Bhavishya Credit Cooperative Society and 11 others *inter alia* requesting to provide details of shareholding with present value. ED also directed not to allow any further sale/ transfer transaction in the account of said clients without NOC from ED. EBL vide its email dated December 21, 2020 requested ED to provide certain additional information in order to comply with the said Notice. The matter is pending.

9. Malvika Saluja and Jyotika Saluja both of Bhubhneshwar, investors in Edelweiss Multi Strategy Fund Management Pvt Ltd **("EMSFMPL")** filed two separate criminal complaints both dated February 3, 2021 with Laxminagar Police Station, Bhubhneshwar against Employees of EBL, namely, Debasis Nayak, Dipankar Datta and Raja Ram, *inter ali*a alleging forgery in respect of documents submitted with EMSFMPL for investment in Hexogen Product. On February 9, 2021, EBL officials received telephonic directions from Laxminagar Police Station to provide details and documents relating to the said investments in the matter.

EBL official Debasis Nayak appeared before the Investigating Officer alongwith his advocate on March 3, 2021 and recorded his statement. Thereafter, no further case has been registered before Laxmi Sagar Police Station, Bhubaneshwar.

10. Mr. Bhopalam, filed a criminal complaint against Dinesh Kumar G and Niraj R. Sharma, officials of EBL with Thousand Lights Police Station, Chennai – 6 *inter alia* raising concerns about his investment of ₹150 million made in Crossover Fund Series II offered by EAML. Based on telephonic call received from Police station, both the officials attended Police station on August 3, 2021, and denied all alleged concerns raised by the client and sought time for ten days to file detailed reply with supporting documents. The matter is currently pending.

11. EBL has been served with Notice dated September 9, 2021 issued by the office of the Assistant Commissioner of Police, Section V: Economic Offences Wing, Mandir Marg, New Delhi against Senior Branch Manager, EBL, Karol Bagh, Delhi under Section 91 of CrPC *inter alia* informing that the investigation is being conducted in case FIR No. 5 of 2021 registered under sections 420, 467, 468, 471 read with sections 34 and 120B of IPC against EBL and others and directed to appear alongwith documents and details pertaining to D H Limited (Client) such as Account opening forms for trading and Demat with all supporting, Ledgers, brokerage and other charges details etc. EBL, vide its letter dated September 15, 2021 responded to the notice, and submitted all required documents and information before Investigating Officer. The investigation is pending.

12. Smt. Iti**,** a client of Edelweiss Financial Advisors Limited ("**EFAL**") (now amalgamated with **EBL**), filed a first information report on June 30, 2012 ("**FIR**"), before Hari Parvat, Janpad Police Station, Agra ("**Station**") against Saurabh Jain, Richa Jain and Mahendra Jain (collectively "**Accused**"), under Sections 420, 467, 468, 471 read with Section 120B of the IPC and Sections 66, 66C and 66D of the IT Act, for alleged unauthorised trading by modifying her trading account and password with EBL. The total amount claimed by Smt. Iti is ₹ 13.8 million. Thereafter, notices were received by three of the directors of EFSL, namely Sunil Mitra, Sanjiv Misra and Himanshu Kaji **("Directors")** from the Station and was followed by a supplemental charge sheet of the Station filed with the Chief Judicial Magistrate, Agra ("**CJM, Agra**"). In response, a quashing petition under section 482 of CrPC was filed by the Directors in the Allahabad High Court ("**AHC**") which stayed the proceedings before the CJM, Agra. Similarly, a supplemental charge sheet was also filed by the Station against employees and directors of EBL with the CJM, Agra. This was also stayed by the AHC pursuant to a Section 482 application. Further, in August 2019, the AHC clubbed the above section 482 applications. The matter is pending.

13. EBL received two notices both dated July 07, 2021, issued by Senior Inspector of Police, District Investigation Unit, Chanakya Puri Police Station, New Delhi under Section 91 and 160 of Cr. P C *inter-alia* informing that the investigation is being conducted in case FIR No. 5 of 2021 and FIR No. 6 of 2021, both registered under sections 420, 467, 468, 471 read with sections 34 and 120B of IPC, based on the complaints of Shri Jagrit Sahni and Shri Gurmanak Sahni respectively **("Complainants")** against one Rajesh Ambwani (No relation with Edelweiss) and Ms. Saloni Singh (represented herself as Relationship Manager of EBL) for having induced the Complainants with dishonest intention to invest a sum of Rs. 6 million and Rs.2. 5 million respectively and caused the loss for the same. EBL furnished the required details and documents vide its letter dated July 12, 2021 and July 26 , 2021. The investigation is pending.

(iv) Regulatory proceedings involving EBL

1. SEBI had issued Notice under Regulation 25 of the SEBI (Intermediaries) Regulations, 2008 dated October 4, 2018 in the matter of Economic Offence Wing Investigation relating to investigation into alleged fraud involving physical shares and Demat accounts. In the notice it is alleged that there was lack of due skill, care, diligence, professionalism and efficiency by EBL while dealing with Yatin Parekh, client of EBL, named in the investigation report in the aforesaid matter. EBL had duly responded to the SEBI letter on October 25, 2018. No further communication is received from SEBI.

2. EBL has been served with Summons issued by Investigation Authority **("IA"),** Securities and Exchange Board of India **("SEBI")** under section 11C (3) of the Securities and Exchange Board of India Act, 1992 in relation to the trading activities of the EBL's client, Bhawarlal Ramnivas Jajoo in the script of Reliance Industries Limited for a period from March 01, 2020 to March 31, 2020. EBL vide its letter dated December 16, 2020 furnished the required information and data alongwith supporting documents and complied with the same. No further communication is received from IA. The investigation is pending.

3. National Stock Exchange of India Limited ("**NSE**") vide its email letter dated March 5, 2021, sought certain information relating to certain dealers and Authorised Person ("**AP**") who had transacted in the scrip of ZEE Entertainment Enterprises Ltd. ("**ZEEL**"). EBL vide its email dated March 6, 2021 provided the required information. Further, SEBI vide its order dated August 12, 2021 held that, Amit Bhanwarlal Jajoo, an authorized person of EBL, and Mr. Manish Jajoo, a dealer of EBL, along with other persons were actively involved in the placement and execution of transactions mentioned hereinabove. SEBI in the order also advised EBL to examine Code of Conduct and employment terms. It is pertinent to state that Mr. Manish Jajoo is not an employee of EBL, but an approved user of the AP. EBL is awaiting the final order of SEBI for further action if any, in the matter.

(j) Edelweiss Investment Advisors Limited ("EIAL")

(i) Civil proceedings by EIAL

1. EIAL ("**Plaintiff**") filed commercial Civil Suit (COMM) bearing No. 397 of 2020 before the Delhi High Court ("**DHC**") against Lily Realty Private Limited and another ("**Defendants**")**,** *inter alia*, seeking a decree of specific performance of the Memorandum of Understanding dated October 29, 2015 ("**MOU**") and repayment of a sum of ₹ 103.32 million along with the pendente lite and future interest @ 28.25% per annum from the date of filing of the suit. EIAL has also sought a permanent injunction restraining the Defendants, agents etc. from creating any third party rights on any movable and immovable assets of the Defendants. DHC, by its order dated September 29, 2020 restrained Defendant No.2 from creating any charge or liability on the three flats specified in the order. Further, by its order dated April 9, 2021, DHC has restrained the Defendants from selling or encumbering all their immovable properties till further orders.

2. EIAL ("**Plaintiff**") filed a Commercial Suit bearing Lodging No. COMSL/12616/2021 on June 9, 2021, alongwith an application for interim injunction before the Bombay High Court against Wondervalue Realty Developers Pvt Ltd and 12 others. The Plaintiff *inter alia* prayed for a declaration that the 15 Investment Agreements dated November 20, 2017, February 17, 2018, May 15, 2018 and June 27, 2018 **("Investment Agreements")** in respect of redevelopment of the project 'HBS Towers', at Worli, Mumbai are valid, subsisting and binding upon the Defendants and for an order / direction that Defendants No 1 to 9 be directed to pay an aggregate sum of ₹ 2873.61 million as on May 24, 2021, along with interest thereon at the rate of 18% p.a. and for other reliefs more particularly mentioned in the plaint. The matter is currently pending at pre-admission stage.

(ii) Civil proceedings against EIAL

1. Om Builders Private Limited ("**Plaintiff**") filed a suit against Orbit Abode Private Limited ("**Defendant no. 1**") and EIAL ("**Defendant no. 2**") before the Bombay High Court ("**Court**"). The Plaintiff has filed the suit for declaration of the sale deed executed in favour of Defendant no. 2 for sale of 95% share in one fourth undivided share, right, title and interest in all that piece and parcel of land hereditaments and premises equivalent to 11,198 square yards equivalent to 9,363 square meters of Malabar Cumballa Hill Division together with the bungalow known as 'Kilachand House' by Defendant no.1, as null and void. The matter is currently pending.

(iii) Criminal proceedings by EIAL

1. EIAL filed a criminal complaint dated January 14, 2021 ("**Complaint**") with the Joint Commissioner of Police, Economic Offence Wing, Mumbai against Lily Realty Private Limited, Asit Koticha, Mrs. Kanan Koticha and other unknown persons ("**Accused**") for having committed offence *inter alia* criminal breach of trust, fraud, criminal conspiracy, cheating. EIAL in its Complaint has *inter alia* alleged that the Accused in connivance with each other and with malafide intent failed to construct the residential project named "Pashmina Waterfront" at Bhattarahalli Village, Bidarahalli Hobli, Bangalore **(**the **"Project")** wherein EIAL invested a sum of ₹ 300 million against certain units aggregating 82,485 sq. ft. saleable area alongwith 82 car parks under MOU dated October 29, 2015. The Accused further disposed off the three flats that were available as security in terms of the guarantee agreement, shortly after creating the security documents in favour of EIAL and did not disclose the same to the Hon'ble Delhi High Court while passing the order dated September 29, 2020 whereby the Accused were restrained from dealing with the aforesaid three flats. The Complaint is pending for investigation.

(k) Edelweiss Comtrade Limited ("Edelweiss Comtrade")

(i) Criminal Proceedings filed against Edelweiss Comtrade

1. Edelweiss Comtrade has been served with the notice dated January 9, 2019 from the office of Economic Offence Wing Special Investigation Team, Mumbai ("**EOW**") issued under Section 91 of CrPC *inter alia* informing that department is investigating the offences registered against National Spot Exchange Limited, its directors, Financial Technology India Limited, its directors, borrowers, brokers and others for committing serval acts of forgery and criminal breach trust pursuant to criminal conspiracy hatched by them. Economic Offence Wing therefore, directed to provide the information along with supporting documents such as total year wise brokerage from AY 2009-10 till 2012-13, year wise volume of turnover executed in all pair trade contracts since AY 2009-10 till 2012-13 with brokerage earned etc., more particularly mentioned therein. Edelweiss Comtrade *vide* its letter dated January 22, 2019 provided the required details as were called for. The matter is currently pending.

2. Edelweiss Comtrade has been served with the Notice dated February 15, 2019 on March 16, 2019 from the office of Economic Offence Wing, National Spot Exchange Limited – Special Investigation Team ("**EOW**"), Mumbai issued under Section 91 of CrPC *inter alia* informing that department is investigating the offences registered against National Spot Exchange Limited ("**NSEL**"), its directors, Financial Technologies India Limited, its directors, borrowers, brokers and others for committing serval acts of forgery and criminal breach trust pursuant to criminal conspiracy hatched by them. Economic Offence Wing is investigating the complaint of SEBI against 300 brokers for illegal trading on NSEL. Economic Offence Wing, directed to provide the information along with supporting documents like original membership form with agreement with NSEL, certified Registrars of Companies' documents, PAN card, volume of trades, brokerage etc. and attend the office of Economic Offence Wing to record statement. Edelweiss Comtrade *vide* its letter dated March 25, 2019 provided the required details as called for. The matter is currently pending.

3. On September 26, 2018, Edelweiss Comtrade has been served with show cause notice ("**SCN**") dated September 25, 2018 from SEBI (Designated Authority), Enquiries and Adjudication Department, Mumbai issued under Section 25(1) of SEBI (Intermediaries) Regulations, 2008. The SCN was issued with respect to pair contract in National Spot Exchange Limited ("**NSEL**"). Edelweiss Comtrade *vide* its letter dated October 15, 2018 replied to the SCN along with supporting documents. Further to the written submission, SEBI granted personal hearing to Edelweiss Comtrade on December 11, 2019. The matter is currently pending.

(l) Edelweiss Global Wealth Management Limited ("EGWML")

(i) Criminal Proceedings filed against EGWML

1. EGWML received notice dated September 4, 2020 from Economic Offence Wing, Gurugram in regard to the complaint dated August 20, 2020 filed by one of it's the client Parinidhi Minda against EGWML officials Anshul Kapoor, Amit Saxena and Ashish Gopal and directed to attend personally along with necessary papers and documents to record statements. Subsequently, the complaint stands transferred to Police Station, namely, SEC-7, IMT, MSR, Manesar, District – Gurugram. EGWML and its officials, thereafter, received a notice dated October 27, 2020 from said Police Station to appear before Investigating Officer along with supporting documents for the purpose of recording statements. The inquiry is currently pending.

(m) Edelweiss Asset Management Limited ("EAML")

(i) Criminal proceedings against EAML

1. Edelweiss Arbitrage Fund has been served with a Show Cause Notice ("**SCN**") dated January 10, 2019, from the office of Registrar / Adjudicating Authority (Prevention of Money Laundering Act) to appear before Adjudicating Authority (Prevention of Money Laundering Act), New Delhi ("**Adjudicating Authority**") to show cause as to why Provisional Attachment Order dated December 8, 2018, in relation to the investment made by one of the client, Mainak Agency Private Limited and some of the directors of Edelweiss Mutual for a value of about ₹ 3.51 million for having alleged unethical dealing in the case of Agusta Westland, Italy VVIP Helicopter Case. On March 25, 2019, EAML, being Investment Manager filed its reply *inter alia* conforming freeze of concern mutual fund account and fluctuation of value of units depending upon NAV at the time of redemption. The Adjudicating Authority *vide* order dated May 30, 2019 confirmed the provisional attachment order dated December 8, 2018. Pursuant thereto, Edelweiss Arbitrage Fund received a notice dated June 8, 2019 from the Adjudicating Authority directing to handover the investments lying in Mutual Fund account of

captioned clients. Accordingly, Edelweiss Arbitrage Fund liquidated the investments on June 26, 2019, and transferred the sale proceeds to bank accounts of the Adjudicating Authority. The matter is currently pending.

(ii) Criminal proceedings by EAML

1. A Complaint was filed before Additional Chief Metropolitan Magistrate, 71st Court, Bandra by EAML against Anil Nath ("**Accused**") *inter alia* for the offences of criminal defamation, under Section 499 of the IPC for the defamation and loss of reputation caused to EAML, due to the acts and actions of the Accused. The matter is currently pending.

5. Taxation

As on the date of this Draft Prospectus, there are no tax matters wherein the amount involved is more than ₹10 million involving our Company.

6. **Details of acts of material frauds committed against our Company in the last three years immediately preceding the date of this Draft Prospectus, if any, and if so, the action taken by our Company**

Sr. No	Year	Gross Amount (*₹ in millions*)	Modus Operandi	Recovery (*₹ in million*)	Provisions (*₹ in million*)	Action Taken by Company
1.	2020	1.54	Client, Rayabarapu Ranapratap availed a loan against non- existence survey numbers of property & fake property documents.	0.05	Nil	Criminal complaint
2.	2020	1.97	Client, Menta Bhanuprakash submitted colour xerox /fake property documents. The subject property falls under prohibited property list.	0.02	Nil	Criminal complaint
3.	2020	2.61	Client, Sham Suryawanshi in connivance builder and landowner submitted fraudulent registered property agreements & availed multiple fundings from various banks	0.02	Nil	Criminal complaint
4.	2019	5.55	Client, Pawan Kumar Goel availed a loan on non-existence survey numbers of property & fake property documents	Nil	Nil	Criminal complaint
5.	2020	11.93	Client, Amit Sesmal Jain & five others availed loan by providing Colour Xerox of the property documents & availed multiple fundings.	Nil	Nil	Criminal complaint
6.	2020	1.55	Client, Ajaykumar Ashokkumar Raut availed loan by providing Colour Xerox of the property documents & availed multiple fundings.	0.01	Nil	Criminal complaint
7.	2020	2.96	Client, Amol Jalinder Phuge created multiple fake property documents and had availed loans from various financial institutions on the same property.	0.10	Nil	Criminal complaint
8.	2020	1.94	Client, Bhausaheb Balasaheb Jahdav fraudulently opened account in builder's name, siphoned off the loan amount and registered cancellation sale deed. Builder sold the subject property to another buyer without intimating to our Company.	0.05	Nil	Criminal complaint
9.	2020	1.94	Client, Divya Flora Sundaram Gollapalli availed a loan against fraudulent property papers /registered	0.05	Nil	Criminal complaint

Sr. No	Year	Gross Amount (₹ *in millions*)	Modus Operandi	Recovery (₹ *in million*)	Provisions (₹ *in million*)	Action Taken by Company
			agreements with absence of layout plan & obtained loan			
10.	2020	7.37	Client, M Hanumantha Rao availed against fake property documents in connivance with builder. builder had done multiple transactions on the subject property and sold the property to multiple buyers.	0.02	Nil	Criminal complaint
11.	2020	4.93	Client, Rajkumar Silarpur availed a loan based on invalid & fake sale deed.	0.06	Nil	Criminal complaint
12.	2020	1.50	Client, Yernamma Kommineni, availed a loan against fake sale deed wherein description of mortgaged property is different from actual property. EHFL has sold the property in auction to third party.	0.62	Nil	Criminal complaint
13.	2019	10.28	Client, Jitendra Dalchand Jain availed a loan by submitting fraudulent plan where the Permanent Transit Camp ("PTC") were shown as free sale units and submitted fabricated approved plan	Nil	Nil	Criminal complaint
14.	2019	13.30	Client, Nikesh Mohan Gajara availed a loan by submitting fraudulent plan where the Permanent Transit Camp ("PTC") were shown as free sale units and submitted fabricated approved plan.	Nil	Nil	Criminal complaint
15.	2019	1.70	Client Darshana Sanjay Mahajan/Sanjeev Brijal Mahajan Submitted fraudulent property papers	1.09	Nil	Section 138 process filed
16.	2019	2.33	Client Ashish Nandkumar Gaikwad/Sonali Ashish Gaikwad Submitted fraudulent property papers	0.02	Nil	Criminal complaint
17.	2018	19.80	Client Om Prakash Singh. Created multiple mortgage on the same property.	Nil	Nil	Criminal Complaint has been filed
18.	2021	1.97	Client T. Sanjeevaiah. Submitted fake layout plan of non-existing property.	0.03	Nil	SARFAESI and Section 138 process filed
19.	2019	1.92	Client Ganesh Rakshe. Created multiple mortgage on the same property.	0.04	Nil	Criminal Complaint filed

7. 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

8. Pending proceedings initiated against our Company for economic offences

Nil

9. Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 or the securities law 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

10. **Any litigation or legal action pending or taken against the promoter of the company by a Government Department or a statutory body during the last three years immediately preceding the date of this Draft Prospectus:**

    Except as disclosed under "*Material litigation or legal or regulatory actions involving our Promoter as on the date of this Draft Prospectus*", there are no other litigation or legal action pending or taken against the promoter of the company by a government department or a statutory body during the last three years immediately preceding the date of this Draft Prospectus.

11. **Any material event/ development or change having implications on the financials/credit quality at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.**

    Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

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

Authority for the Issue

At the meeting of the Board of Directors of our Company held on December 16, 2021, the Board of Directors approved the issuance of NCDs to the public. Pursuant to such resolution, the present issue through this Draft Prospectus of NCDs of face value of ₹ 1,000 each aggregating up to the Limit is approved by the Operations Committee of our Board of Directors in its meeting dated December 31, 2021. The NCDs will be issued on terms and conditions as set out in the Prospectus, the issue of which is being made as decided by the Board of Directors.

Further, the present borrowing is within the borrowing limits of ₹ 100,000 million under Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company at the Extraordinary General Meeting on January 24, 2019.

Prohibition by SEBI/ Eligibility of our Company for the Issue

Our Company, persons in control of our Company and/or the Promoters and/or our Promoter Group and/or the Directors have not been restrained or 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 Company has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

None of our Directors and/or our Promoter have been declared as fugitive economic offenders.

The Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchange pending to be paid by the Company as on the date of this Draft Prospectus.

The Company, as on date of this Draft Prospectus, has not defaulted in:

a. the repayment of deposits or interest payable thereon; or

b. redemption of preference shares; or

c. redemption of debt securities and interest payable thereon; or

d. payment of dividend to any shareholder; or

e. repayment of any term loan or interest payable thereon,

in the last three financial years and the current financial year.

No regulatory action is pending against the issuer or its promoters or directors before the Board, NHB or RBI.

Willful Defaulter

Our Company, and/or our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, NHB, 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. None of our Whole-time Directors and/or our Promoter, is a whole-time director or promoter of another company which is has been categorised as a wilful defaulter.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE 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 MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGERS , HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. 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 CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, EQUIRUS CAPITAL PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•] WHICH READS AS FOLLOWS:

[•]

DISCLAIMER CLAUSE OF BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS APPROVAL DATED [•] GIVEN PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGE 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 ANY 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 the NHB

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MARCH 18, 2010, ISSUED BY THE NATIONAL HOUSING BANK UNDER SECTION 29A OF THE NATIONAL HOUSING BANK ACT, 1987. HOWEVER, A COPY OF THIS DRAFT PROSPECTUS HAVE NOT BEEN FILED WITH OR SUBMITTED TO THE NHB. IT IS DISTINCTLY UNDERSTOOD THAT THIS DRAFT PROSPECTUS, AND THE PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY THE NHB. THE NHB DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR

OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. BY ISSUING THE AFORESAID CERTIFICATE OF REGISTRATION DATED DECEMBER 28, 2005 TO THE ISSUER, THE NHB NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS ISSUE.

DISCLAIMER STATEMENT OF ACUITÉ RATINGS & RESEARCH LIMITED

AN ACUITÉ RATING DOES NOT CONSTITUTE AN AUDIT OF THE RATED ENTITY AND SHOULD NOT BE TREATED AS A RECOMMENDATION OR OPINION THAT IS INTENDED TO SUBSTITUTE FOR A FINANCIAL ADVISER'S OR INVESTOR'S INDEPENDENT ASSESSMENT OF WHETHER TO BUY, SELL OR HOLD ANY SECURITY. ACUITÉ RATINGS ARE BASED ON THE DATA AND INFORMATION PROVIDED BY THE ISSUER AND OBTAINED FROM OTHER RELIABLE SOURCES. ALTHOUGH REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE DATA AND INFORMATION IS TRUE, ACUITÉ , IN PARTICULAR, MAKES NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED WITH RESPECT TO THE ADEQUACY, ACCURACY OR COMPLETENESS OF THE INFORMATION RELIED UPON. ACUITÉ IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS AND ESPECIALLY STATES THAT IT HAS NO FINANCIAL LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OF ANY KIND ARISING FROM THE USE OF ITS RATINGS.ACUITÉ RATINGS ARE SUBJECT TO A PROCESS OF SURVEILLANCE WHICH MAY LEAD TO A REVISION IN RATINGS AS AND WHEN THE CIRCUMSTANCES SO WARRANT. PLEASE VISIT OUR WEBSITE (WWW.ACUITE.IN) FOR THE LATEST INFORMATION ON ANY INSTRUMENT RATED BY ACUITÉ , ACUITÉ 'S RATING SCALE AND ITS DEFINITIONS.

DISCLAIMER STATEMENT OF CRISIL

CRISIL RATINGS LIMITED (CRISIL RATINGS) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THE MATERIAL BASED ON THE INFORMATION PROVIDED BY ITS CLIENT AND / OR OBTAINED BY CRISIL RATINGS FROM SOURCES WHICH IT CONSIDERS RELIABLE (INFORMATION). A RATING BY CRISIL RATINGS REFLECTS ITS 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 RATINGS. CRISIL RATINGS DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF THE INFORMATION ON WHICH THE RATING IS BASED. A RATING BY CRISIL RATINGS 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. THE RATING IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE MATERIAL AND NO PART OF THE MATERIAL SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL RATINGS ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THE MATERIAL. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE MATERIAL IS TO BE CONSTRUED AS CRISIL RATINGS PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL RATINGS DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD. EDELWEISS HOUSING FINANCE LIMITED WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLIANCES FOR USE OF THE MATERIAL OR PART THEREOF OUTSIDE INDIA. CURRENT RATING STATUS AND CRISIL RATINGS' RATING CRITERIA ARE AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE WEBSITE, WWW.CRISIL.COM. FOR THE LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY COMPANY RATED BY CRISIL RATINGS, PLEASE CONTACT CUSTOMER SERVICE HELPDESK AT 1800-267-1301.

DISCLAIMER CLAUSE OF CARE ADVISORY RESEARCH AND TRAINING LIMITED (CAREEDGE RESEARCH)

THIS REPORT IS PREPARED BY CARE ADVISORY RESEARCH AND TRAINING LIMITED (CAREEDGE

RESEARCH). CAREEDGE RESEARCH HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THIS REPORT BASED ON INFORMATION AVAILABLE IN CAREEDGE RESEARCH'S PROPRIETARY DATABASE, AND OTHER SOURCES CONSIDERED BY CAREEDGE RESEARCH AS ACCURATE AND RELIABLE INCLUDING THE INFORMATION IN PUBLIC DOMAIN. THE VIEWS AND OPINIONS EXPRESSED HEREIN DO NOT CONSTITUTE THE OPINION OFCAREEDGE RESEARCH TO BUY OR INVEST IN THIS INDUSTRY, SECTOR OR COMPANIES OPERATING IN THIS SECTOR OR INDUSTRY AND IS ALSO NOT A RECOMMENDATION TO ENTER INTO ANY TRANSACTION IN THIS INDUSTRY OR SECTOR IN ANY MANNER WHATSOEVER.

THIS REPORT HAS TO BE SEEN IN ITS ENTIRETY; THE SELECTIVE REVIEW OF PORTIONS OF THE REPORT MAY LEAD TO INACCURATE ASSESSMENTS. ALL FORECASTS IN THIS REPORT ARE BASED ON ASSUMPTIONS CONSIDERED TO BE REASONABLE BY CAREEDGE RESEARCH; HOWEVER, THE ACTUAL OUTCOME MAY BE MATERIALLY AFFECTED BY CHANGES IN THE INDUSTRY AND ECONOMIC CIRCUMSTANCES, WHICH COULD BE DIFFERENT FROM THE PROJECTIONS.

NOTHING CONTAINED IN THIS REPORT IS CAPABLE OR INTENDED TO CREATE ANY LEGALLY BINDING OBLIGATIONS ON THE SENDER OR CAREEDGE RESEARCH WHICH ACCEPTS NO RESPONSIBILITY, WHATSOEVER, FOR LOSS OR DAMAGE FROM THE USE OF THE SAID INFORMATION. CAREEDGE RESEARCH IS ALSO NOT RESPONSIBLE FOR ANY ERRORS IN TRANSMISSION AND SPECIFICALLY STATES THAT IT, OR ITS DIRECTORS, EMPLOYEES, PARENT COMPANY – CARE RATINGS LTD., OR ITS DIRECTORS, EMPLOYEES DO NOT HAVE ANY FINANCIAL LIABILITIES WHATSOEVER TO THE SUBSCRIBERS/USERS OF THIS REPORT. THE SUBSCRIBER/USER ASSUMES THE ENTIRE RISK OF ANY USE MADE OF THIS REPORT OR DATA HEREIN. THIS REPORT IS FOR THE INFORMATION OF THE AUTHORISED RECIPIENT IN INDIA ONLY AND ANY REPRODUCTION OF THE REPORT OR PART OF IT WOULD REQUIRE EXPLICIT WRITTEN PRIOR APPROVAL OF CAREEDGE RESEARCH.

CAREEDGE RESEARCH SHALL REVEAL THE REPORT TO THE EXTENT NECESSARY AND CALLED FOR BY APPROPRIATE REGULATORY AGENCIES, VIZ., SEBI, RBI, GOVERNMENT AUTHORITIES, ETC., IF IT IS REQUIRED TO DO SO. BY ACCEPTING A COPY OF THIS REPORT, THE RECIPIENT ACCEPTS THE TERMS OF THIS DISCLAIMER, WHICH FORMS AN INTEGRAL PART OF THIS REPORT.

DISCLAIMER STATEMENT FROM THE LEAD MANAGERS

THE LEAD MANAGERS ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE DRAFT PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THIS 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 THIS DRAFT PROSPECTUS AND THE PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

DISCLAIMER STATEMENT FROM THE ISSUER

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS DRAFT PROSPECTUS ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

UNDERTAKING BY THE ISSUER

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE "RISK FACTORS" CHAPTER ON PAGE 14 OF THIS DRAFT PROSPECTUS.

OUR COMPANY, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS DRAFT PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS DRAFT PROSPECTUS IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS AND IS NOT MISLEADING IN ANY MATERIAL RESPECT, THAT THE OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE THIS DRAFT PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

THE COMPANY HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S) DISCLOSED IN THIS DRAFT PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGE'S WEBSITES.

OUR COMPANY DECLARES THAT NOTHING IN THE DRAFT PROSPECTUS IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

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

Name of Lead Manager	Website
Equirus Capital Private Limited	www.equirus.com
Edelweiss Financial Services Limited	www.edelweissfin.com

Listing

An application will be made to the Stock Exchange 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 the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Draft Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of zero subscription to any one or more of the series, such NCDs with series shall not be listed.

Our Company shall pay interest at 15% (fifteen) per annum if Allotment is not made and refund orders/allotment letters are not dispatched and/or demat credits are not made to investors within five Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange(s) to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

Consents in writing of: (a) the Directors, (b) Company Secretary and Compliance Officer, (d) Lead Managers, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue; (g) Bankers to Company; (h) CRISIL Ratings Limited; (i) Acuité Ratings & Research Limited; (j) the Debenture Trustee for the Issue; (k) lead brokers to the Issue/ Consortium Members*; (l) Public Issue Account Bank, Refund Bank and Sponsor Bank*; (m) CARE Advisory Research and Training Limited (CareEdge Research) in relation to the *Industry Report on Housing Finance* have been obtained from them and the same will be filed along with a copy of the Draft Prospectus with the ROC as required under Section 26 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of this Draft Prospectus with the Stock Exchange.

**The consents will be procured at the Prospectus stage*

Our Company has received the written consent dated December 31, 2021 from NGS & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination reports dated December 31, 2021, on the reformatted financial information of the Company as at and for each of the years ended March 31, 2021, 2020 and 2019; (ii) the limited review reports dated October 27, 2021 relating to the Unaudited Interim Financial Results of the Company for the quarter ended September 30, 2021 and year to date April 1, 2021 to September 30, 2021 pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 as amended; and (iii) the reports on statement of possible tax benefits dated December 31, 2021, included in this Draft Prospectus, and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

Expert Opinion

Except for the following, our Company has not obtained any expert opinions in connection with this Draft Prospectus:

Our Company has received the written consent dated December 31, 2021 from NGS & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination reports dated December 31, 2021, on the reformatted financial information of the Company as at and for each of the years ended March 31, 2021, 2020 and 2019; (ii) the limited review reports, each dated October 27, 2021 relating to the Unaudited Interim Financial Results of the Company for the quarter ended September 30, 2021 and year to date April 1, 2021 to September 30, 2021 pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 as amended; and (iii) the reports on statement of possible tax benefits dated December 31, 2021, included in this Draft Prospectus, and such consent has not been withdrawn as on the date of this Draft Prospectus.

Common form of Transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Draft Prospectus 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 NCS 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, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 Working Days from the Issue Closing Date or such time as may be specified by SEBI provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and 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 no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with the SEBI NCS Regulations, a listed company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Draft Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that 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.

Recovery Expense Fund

Our Company shall created a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s) of NCDs issued.

Reservation

No portion of the Issue has been reserved.

Underwriting

The Issue is not underwritten.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for one time acceptance fee as disclosed in Debenture Trustee Agreement dated December 22, 2021.

Terms of carrying out due diligence

As per the SEBI Circular "SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 titled "*Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)*", the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

(c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per DT regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchange.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the Debt Security is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

BEACON TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED DECEMBER 31, 2021, AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE DT CIRCULAR WHICH READS AS FOLLOWS:

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

(1) We have examined documents pertaining to the said issue and other such relevant documents , reports and certifications.

(2) On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, reports and certifications,

WE CONFIRM that:

a) The issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

b) The issuer has obtained the permissions / consents necessary for creating security on the said property (ies).

c) The issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities.

d) All disclosures made in the offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.

e) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum.

g) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the DT Circular.

Debenture Trust Deed

Our Company and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us, as per the extant SEBI regulations applicable for the proposed NCD Issue.

Issue Related Expenses

The expenses of the Issue include, inter alia, lead management fees and selling commission to the Lead Managers, Lead Brokers/ Consortium Members, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue shall be as specified in the Draft Prospectus. For further details see, "*Objects to the Issue*" on page 53.

Utilisation of Issue Proceeds

Our Board of Directors certifies that:

(i) all monies received out of the Issue of the NCDs to the public shall be 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;

(ii) details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;

(iii) details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form of financial assets in which such unutilised monies have been invested;

(iv) we shall utilize the Issue proceeds only upon creation of security as stated in this Draft Prospectus in the section titled *"Terms of the Issue"* on page 286 and after (a) permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have *pari passu* charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue Size pertaining to the Issue; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from BSE;

(v) 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 property;

(vi) the Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and

(vii) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Public / Rights Issues of Equity Shares in the last three years from this Draft Prospectus

Public Issue:

Our Company has not undertaken any public issue in last three years.

Rights

Our Company has undertaken the following rights issue of equity shares in the last three years.

Date of Allotment	No of Equity Shares	Face value (₹)	Issue Price (₹)	Consideration (Cash, other cash, etc)	Nature for Allotment	Cumulative		
						No. of equity shares	Equity Share Capital (₹ in million)	Equity Share Premium (₹ in million)
September 24, 2018	50,00,000	10	100	Cash	Allotment to EFSL (Right Issue)	5,93,50,000	593.50	3,391.00

Utilisation of issue proceeds of previous issues

The proceeds from the previous issuance of non-convertible debentures by the Company have been and/or are being utilized in accordance with the use of proceeds set out in the respective offer documents and/or information memorandums under which such non-convertible debentures were issued which include, inter alia, to augment long-term resources of the Company, for on-lending and for general corporate purposes in accordance with the object clause of the Memorandum of Association of the Company.

Public Issue by our Subsidiaries in the last three years from this Draft Prospectus

NA

Delay in listing

There has been no delay in the listing of any non-convertible securities issued by our Company.

Refusal of listing of any security of the issuer during last three years by any of the stock exchanges in India or abroad.

There has been no refusal of listing of any security of our Company during the last three years prior to the date of this Draft Prospectus by any Stock Exchange in India.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on September 30, 2021, our Company has outstanding non-convertible debentures. For further details see chapter titled "*Financial Indebtedness*" on page 224.

Our Company has not issued any preference shares as of September 30, 2021.

Further, save and except as mentioned in this Draft Prospectus, our Company has not issued any other debentures.

Dividend

Dividend declared to the Equity shareholders of our Company over the last three years and six months period ended September 30, 2021:

Particulars	**As at September 30, 2021**	**As at Fiscal**		
		2021	**2020**	**2019**
On Equity Shares				
Fully Paid-up Share Capital (Nos.)	6,93,50,000	6,93,50,000	6,93,50,000	6,93,50,000
Face Value / Paid Up Value (₹)	10	10	10	10
Equity Share Capital (*₹ in million)*	693.50	693.50	693.50	693.50
Rate of Dividend	Nil	Nil	Nil	Nil
Dividend	Nil	Nil	Nil	Nil
Dividend Distribution Tax	Nil	Nil	Nil	Nil

Revaluation of assets

Our Company has not revalued its assets in the last three years.

Mechanism for redressal of investor grievances

The Registrar Agreement dated December 31, 2021 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the Allotment Advice, demat credit and refund through unblocking 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, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchanges or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

The contact details of Registrar to the Issue are as follows:

KFIN Technologies Private Limited ***(formerly known as Karvy Fintech Private Limited)***
Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad 500 032
Tel: +91 40 6716 2222
Toll Free Number: 1800 309 4001
Email: ehfl.ncdipo@kfintech.com
Investor Grievance Email: einward.ris@ kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U72400TG2017PTC117649

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations 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 seven (7) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a quarterly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of the Issue are set out below:

Vinay Tripathi
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai 400 098,
Maharashtra, India
Tel.: +91 22 4009 4400
Fax: +91 22 4019 4952
Email: investorgrievances@edelweissfin.com

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, etc.

Details of Auditor to the Issuer:

Name of the Auditor	Address	Auditor since
NGS & Co. LLP	B-46, Pravasi Estate, V.N. Road, Goregaon (East), Mumbai – 400 063 , Maharashtra, India	November 3, 2021

Change in auditors of our Company during the last three years

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of Resignation, if applicable
S. R. Batliboi & Co. LLP	12th Floor, The Ruby, 29 Senapati Bapat Road Dadar (West), Mumbai 400028	July 25, 2018	Oct 27, 2021	Pursuant to RBI circular (RBI/2021-22/25) dated April 27, 2021

Details of overall lending by our Company

Lending Policy

For lending policy in relation to each of the products of our Company, please see "*Our Business – Credit Approval and Disbursement Process*" at page 99.

A. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of private placements or public issues of debentures.

B. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2021 is as follows:

(₹ in million)

No.	Type of Loans	Amount
1.	Secured	34937.09
2.	Unsecured	1516.49
	Total assets under management (Gross book)	**36453.58**

C. *Denomination of loans outstanding by LTV as on March 31, 2021**

No.	LTV	Percentage of Gross book
1.	Up to 40%	30%
2.	40%-50%	14%
3.	50%-60%	18%
4.	60%-70%	17%
5.	70%-80%	14%
6.	80%-90%	6%
7.	More than 90%	1%
	Total	**100%**

**LTV at the time of origination*

D. *Sectoral Exposure as on March 31, 2021*

No.	Segment wise break up of Gross book	Percentage of Gross book
1.	**Housing Loans:**	**62%**
(a)	Individual	58%
(b)	Builders / Project Loans	3%
(c)	Corporates	1%
(d)	Other (specify)	0%
2.	**Non-Housing Loans:**	**38%**
(a)	Individual	29%
(b)	Builders / Project Loans	0%
(c)	Corporates	6%
(d)	Other (HUF & Partnership Firm)	2%
	Total	**100%**

E. ***Denomination of the loans outstanding by ticket size as on March 31, 2021****

No.	Ticket size**	Percentage of Gross book
1.	Up to 2 million	38%
2.	2 million to 5 million	30%
3.	5 million to 10 million	12%
4.	10 million to 25 million	9%
5.	25 million to 50 million	3%
6.	50 million to 100 million	1%
7.	100 million to 500 million	6%
8.	500 million to 2500 million	0%
9.	Above 2500 million	0%
Total		**100%**

** Ticket size at the time of origination*

***The details provided are as per borrower and not as per loan account.*

F. ***Geographical classification of the borrowers as on March 31, 2021***

Top 5 borrowers state wise

No.	Top 5 states	Percentage of Gross book
1.	Tamil Nadu	38%
2.	Karnataka	15%
3.	Telangana	15%
4.	Kerala	8%
5.	Andhra Pradesh	7%
	Total	**84%**

G. ***Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2021***

(₹ in million)

Movement of gross NPA*	Amount
Opening gross NPA	760.57
- Additions during the year	2,330.88
- Reductions during the year	(1,815.67)
Closing balance of gross NPA	1,275.78
Movement of net NPA*	
Opening net NPA	649.99
- Additions during the year	2,045.97
- Reductions during the year	(1,551.91)
Closing balance of net NPA	1,144.05
Movement of provisions for NPA	
Opening balance	110.58
- Provisions made during the year	284.91
- Write-off / write-back of excess provisions	(263.76)
Closing balance	131.73

H. ***Segment-wise gross NPA as on March 31, 2021***

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Housing Loans:**	
a.	Individual	4.91%
b.	Builders / Project Loans	0.00%
c.	Corporates	9.11%
d.	Other (specify)	0.00%
2.	**Non-Housing Loans:**	

No.	Segment wise break up of gross NPA	Gross NPA (%)*
a.	Individual	2.07%
b.	Builders / Project Loans	0.00%
c.	Corporates	0.00%
d.	Other (HUF & Partnership Firm)	0.08%
Gross NPA		

** Gross NPA means percentage of NPAs to total advances in that sector*

I. ***Residual Maturity Profile of Assets and Liabilities as on March 31, 2021***

(₹ in million)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	720.68	563.76	811.57	1,772.24	4,172.25	10,529.42	2,220.20	15,663.51	36,453.62
Investments	65.73	-	-	90.11	-	-	-	1,600.86	1,756.70
Borrowings	1,416.00	687.13	2,495.75	2,403.37	6,311.58	12,986.80	2,542.56	5,970.55	34,813.73
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

J. ***(a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2021***

(₹ in million)

Particulars	Amount
Total advances to twenty largest borrowers	3,456.50
Percentage of Advances to twenty largest borrowers to Total Advances to the Company	9.48%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2021

(₹ in million)

Particulars	Amount
Total exposure to twenty largest borrowers	3,445.64
Percentage of exposure to twenty largest borrowers to Total exposure to the Company	9.21%

K. ***Classification of loans/advances given to group companies as on March 31, 2021:***

	Name of Borrower	Amount of loans to such borrower (₹ in million) (A)	Percentage of A (A/ exposure*)	Percentage of A (A/Loan Book)
1.	ECL Finance Limited	1,001.57	2.68%	2.74%
2.	Edelweiss Retail Finance Limited	8.14	0.02%	0.02%
3.	Edelweiss Rural & Corporate Services Limited	3.43	0.01%	0.01%

**Exposure in the above table includes pending, committed, undrawn amount to the borrowers.*

ALM Statement

For ALM Statement of the Company as of March 31, 2021, please see Annexure D.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement in compliance with Regulation 30(1) of the SEBI NCS Regulations on or before the Issue Opening Date of this Issue. The Advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act. Material updates, if any, between the date of filing of this Draft Prospectus and/ or the Prospectus with the ROC and the date of the release of the statutory advertisement will be included in the statutory advertisement.

Auditors' Remarks

Other than as disclosed in the chapter titled "*Risk Factors*", on page 14, there are no reservations or qualifications or adverse remarks in the financial statements of our company in the last three Fiscals immediately preceding this Draft Prospectus.

Trading

The non-convertible debentures of our Company are listed on NSE and/or BSE.

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 in respect of Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

SECTION VII – ISSUE RELATED INFORMATION
ISSUE STRUCTURE

The key common terms and conditions of the NCDs / term sheet are as follows:

Issuer	Edelweiss Housing Finance Limited
Type of instrument/ Name of the security/ Seniority	Secured, redeemable, non-convertible debentures
Nature of the Instrument	Secured, redeemable, non-convertible debentures
Mode of the Issue	Public Issue
Lead Managers	Equirus Capital Private Limited and Edelweiss Financial Services Limited.
Debenture Trustee	Beacon Trusteeship Limited
Depositories	NSDL and CDSL
Registrar	KFIN Technologies Private Limited
Issue	Public issue of secured redeemable NCDs of our Company of face value of ₹1,000 each aggregating up to ₹1,500 million ("Base Issue Size") , with an option to retain over-subscription up to ₹1,500 million, aggregating up to ₹3,000 million ("Issue"), on the terms and in the manner set forth herein.
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e., ₹ 1,125 million
Base Issue Size	₹1,500 million
Option to Retain Oversubscription Amount	Up to ₹1,500 million.
Eligible Investors	Please see "*Issue Procedure –Who can apply?"* on page 300.
Objects of the Issue	Please see "*Objects of the Issue*" on page 53.
Details of Utilization of the Proceeds	Please see "*Objects of the Issue*" on page 53.
Interest Rate on each category of investor	Please see "*Terms of Issue*" on page 286
Step up/ Step Down Interest rates	NA
Interest type	Fixed
Interest reset process	NA
Frequency of interest payment	Please see "*Terms of Issue*" on page 286
Interest payment date	Please see "*Terms of Issue*" on page 286
Day count basis	Actual / Actual
Interest on application money	NA
Default Interest rate	Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, 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. Our Company shall pay at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.
Tenor	Please see "*Terms of Issue*" on page 286
Redemption Date	Please see "*Issue Related Information"* on page 281
Redemption Amount	Please see "*Issue Structure – Specific Terms for NCDs*" on page 284
Redemption Premium/ Discount	Please see "*Issue Structure – Specific Terms for NCDs*" on page 284
Face Value	₹ 1,000 per NCD
Issue Price	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	NA
Put date	NA
Put price	NA
Call date	NA
Call price	NA

Put notification time	NA
Call notification time	NA
Minimum Application size and in multiples of NCD thereafter	₹ 10,000 (10NCD) and in multiple of ₹ 1,000 (1 NCD) thereafter.
Market Lot / Trading Lot	The market lot will be 1 Debenture ("**Market Lot**"). Since the Debentures are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of debentures.
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit Ratings	The NCDs proposed to be issued under the Issue have been rated CRISIL AA-/ Negative (pronounced as CRISIL double A minus rating with Negative outlook) for an amount of ₹ *5,000 million* by CRISIL Limited *vide* their rating letter dated December 13, 2021 and "ACUITE AA/Negative" (pronounced as ACUITE double A rating with Negative outlook) for an amount of ₹5,000 million by Acuité Ratings & Research Limited *vide* their rating letter dated December 29, 2021.
Listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within six Working Days from the date of Issue Closure. BSE has been appointed as the Designated Stock Exchange.
Depository	NSDL and CDSL
Modes of payment	Please see *"Issue Structure – Terms of Payment"* on page 284.
Issuance mode of the Instrument*	In dematerialised form only
Trading mode of the instrument*	In dematerialised form only
Issue opening date	[•]
Issue closing date**	[•]
Issue Timing	[•]
Record date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under this Draft Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Company to the stock exchange shall be considered as Record Date.
Settlement mode of instrument	As specified in the Prospectus
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	As specified in the Prospectus and the Debenture Trust Deed.
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed this Draft Prospectus	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of pari-passu charge on the assets of the company including Loans and Advances, Receivables, Investments, Current & Other Assets and immovable property / Fixed Assets held by the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari- passu charge in favour of the Debenture Trustee in relation to the NCDs. The NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and RoC or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee. Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the Prospectus, till the execution of the Debenture Trust Deed. The security shall be created prior to making the listing

	application for the NCDs with the Stock Exchange(s). For further details on date of creation of security/likely date of creation of security, minimum security cover etc., please refer to the "*Terms of the Issue – Security*" on page 286.
Issue documents	This Draft Prospectus, the Prospectus, read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if 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 the Issue including but not limited to the Issue Agreement, Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Lead Broker /Consortium Agreement. For further details, please see "*Material Contracts and Documents for Inspection*" on page 335.
Condition precedent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Condition subsequent to the disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)	Please refer to the section titled "*Terms of the Issue – Events of Default*" on page 287.
Creation of recovery expense fund	Our Company undertakes to deposit in the manner as maybe specified by SEBI from time to time the amount in the recovery expense fund and inform the Debenture Trustee regarding the creation of deposit in such fund and inform the Debenture Trustee regarding the deposit of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the summary term sheet, the Debenture Trustee shall take necessary actions as mentioned in the Debenture Trust Deed.
Deemed date of Allotment	The date on which the Board of Directors/or the Operations Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Operations Committee thereof 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 Debenture Holders from the Deemed Date of Allotment
Roles and responsibilities of the Debenture Trustee	Please see section titled "*Terms of the Issue-Trustees for the NCD Holders*" on page 287.
Risk factors pertaining to the Issue	Please see section titled "*Risk Factors*" on page 14.
Provisions related to Cross Default Clause	NA
Governing law and Jurisdiction	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.
Working day convention	If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it failing on a non-Working Day. If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by our Company on the immediately preceding Working Day along with 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.

Notes:

** If there is any change in Coupon Rate pursuant to any event including elapse of certain time period or downgrade in rating, then* *such new Coupon Rate and events which lead to such change should be disclosed to the Stock Exchange.*

**In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized 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 of Directors of our Company or the Operations Committee. In the event of such early closure of 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 BSE, 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 BSE. For further details please see "General Information" on page 40.*

**For the list of documents executed/ to be executed, please see "Material Contracts and Documents For Inspection" on page 335.*

While the NCDs are secured to the tune of 100% of the principal and interest thereon in favour of Debenture Trustee, it is it the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Specific terms for NCDs

As specified in the Prospectus.

Terms of payment

The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors) , as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms specified in "*Terms of the Issue – Manner of Payment of Interest/ Refund*" on page 294.

Participation by any of the above-mentioned Investor classes in the 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 3(c)(7) thereof. This Draft 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 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.

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 Operational Circular.

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. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

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 299.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on December 16, 2021, the Board of Directors approved the issuance of NCDs of the face value ₹ 1,000 each, for an amount up to ₹ 3,000 million. Further, the present borrowing is within the borrowing limits of ₹100,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company on January 24, 2019.

The NCDs pursuant to this Issue will be issued on terms and conditions as set out in the Prospectus.

Principal Terms & Conditions of the Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Abridged Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE/NSE, RBI, NHB, 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 ours and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, thereof shall be secured by way of pari-passu in favour of the Debenture Trustee on current and future receivables of our Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a minimum security cover of 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari passu charge in favour of the Debenture Trustee in relation to the NCDs. 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 is required to obtain permissions or consents from the prior creditors for proceeding with this Issue. Pursuant to SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020, our Company undertakes, *inter alia*, that the assets on which charge is created are free from any encumbrances and if the assets are already charged, the permissions or consent to create second or pari passu charge on the assets of the Issuer have been obtained from the earlier creditors.

Our Company has applied to the prior creditors for such permissions or consents and has received such permissions or consents from all prior creditors.

Security

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of pari-passu charge on the assets of the company including Loans and Advances, Receivables, Investments, Current & Other Assets and immovable property / Fixed Assets held by the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari- passu charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company intends to enter into an indenture/deed with the Debenture Trustee, (**"Debenture Trust Deed"**) terms of which will govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution and registration of the Debenture Trust Deed within the stipulated timeframe and shall utilize the funds only after the stipulated security has been created. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in the Prospectus and in the

Debenture Trust Deed. The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or a higher value.

Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, a listed company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Draft Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that 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.

Face Value

The face value of each NCD shall be ₹1,000.

Trustees for the NCD Holders

Our Company has appointed Beacon Trusteeship Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company 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.

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 authorised 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).

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

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.

Indicative list of Events of Default:

(i) default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;
(ii) default is committed in payment of the principal amount of the NCDs on the due date(s);
(iii) default is committed in payment of any interest on the NCDs on the due date(s);
(iv) Default is committed in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee and such default shall have continued for a period of thirty (30) days after notice in writing thereof been given to the Company by the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee for remedying such default;
(v) Default is committed if any information given to the Company in the Draft Prospectus, the Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s)/ Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;
(vi) Default is committed if the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court;
(vii) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or suffered any action to be taken for its reorganisation, liquidation or dissolution;
(viii) Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfil its obligations under the Debenture Trust Deed and/or the Debentures; If the Company is unable to pay its debts
(ix) The Company ceases to carry on its business or gives notice of its intention to do so;
(x) If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;
(xi) Default is committed if any of the necessary clearances required or desirable in relation to the Company or the Debentures in accordance with any of the Transaction Documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of Debenture Holder(s)/ Beneficial Owner(s), have material adverse effect on the Company or the Debentures;
(xii) Default is committed if the company enters into any arrangement or composition with its creditors or commits any acts of insolvency or winding up of the Company;
(xiii) If the Company files a petition for reorganisation, arrangement, adjustment, winding up or composition of debts of the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed);
(xiv) If the Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors;
(xv) If it becomes unlawful for the company to perform any of its obligations under any transaction document;
(xvi) Default is committed if the occurrence of any event or condition which in the Debenture Trustee/ Beneficial Owner(s) reasonable opinion can constitute a material adverse effect;
(xvii) Any security created at any time, any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardize or endangers any hypothecated properties or any part thereof or any event occurs which causes the Debenture Deed or any related agreement to become ineffective;
(xviii) Any security created at any time, without prior written consent of the Debenture Trustee or unless otherwise provided for in the Debenture Trust Deed, the Company, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over any of the hypothecated properties; and

Any other event described as an Event of Default in this Draft Prospectus, the Prospectus and the Transaction Documents. In accordance with the circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI on "Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**")/enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

Regulation 51 read with the Explanation to Clause A (11) in Part B of Schedule III of the SEBI Listing Regulations, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest or principal on debt.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the abovementioned circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference 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.

2. 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 at the Registered Office of our Company during business hours.

3. Subject to the above and the applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, NHB, 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.

4. 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.

5. The NCDs are subject to the provisions of the SEBI NCS Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, NHB 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.

6. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. 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. The same shall be maintained at the registered

office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD holders.

7. Subject to compliance with RBI 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 15 days prior notice for such roll over and in accordance with the SEBI NCS 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 this Draft Prospectus 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**") read with the applicable provisions of 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 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 read with the applicable provisions of the Companies Act 2013, any person who becomes a nominee by virtue of the Rule 19 read with the applicable provisions of the Companies Act 2013, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- 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.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. 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.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Application in the Issue

Applicants shall apply in the Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in the Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment refer to chapter titled "*Issue Procedure*" beginning on page *299*.

Transfer/Transmission of NCD(s)

The NCDs 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.

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. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "*Terms of the Issue – Interest*" on page 293 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.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Title

The NCD Holder(s) for the time being appearing in the record of beneficial owners maintained by the Depository 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.

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 the 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 Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) 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 Redemption 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.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to the Issue. NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred except by way of transmission or transposition. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

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.

Period of subscription

ISSUE PROGRAMME	
ISSUE OPENS ON	[•]
ISSUE CLOSES ON	[•]

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 Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10.00 a.m. to 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 Exchange. It is clarified that the Applications not uploaded on the Stock Exchange Platform would be rejected.

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 Exchange 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 Operational Circular.

Interest

[•]

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs pursuant to the Prospectus. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/ yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

We 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 Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see "*Manner of Payment of Interest / Refund*" at page *294*.

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.

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day, in accordance with the Working Day Convention. 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, as applicable.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated in the section titled "Issue Procedure" on page 299, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft 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 an actual/actual basis on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Effect of holidays on payments

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. 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, as applicable.

If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by our Company on the immediately preceding Working Day along with 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.

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 Operational Circular will be disclosed in the Prospectus.

Maturity and Redemption

[•]

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof. 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 instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Draft Prospectus(es).

Manner of Payment of Interest / Refund

The manner of payment of interest / refund in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Managers, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "- *Procedure for Re-materialization of NCDs*" on page 295.

Printing of Bank Particulars on Interest/redemption 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. NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. 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.

Form and Denomination of NCDs

In case of NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of NCD certificates in denomination of one NCD ("**Market Lot**"). In case of NCDs held under different Options, by an NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the NCDs held under each Option.

It is, however, distinctly to be understood that the NCDs pursuant to this issue shall be traded only in dematerialized form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee 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.

Procedure for redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization

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 debenture 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 certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders 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 Holders may be requested to surrender the NCD certificates 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 debenture 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.

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 on account of re-materialization

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 certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, 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 debenture holders maintained by us on the Record Date fixed for the purpose of Redemption.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

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).

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

Our Company may, at its 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 speed post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

Our Company 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, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

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."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹20 lakh or with both.

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 this Draft 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 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 pre-issue advertisement have been given.

Minimum subscription

In terms of the SEBI NCS 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, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and 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 the SEBI Operational Circular.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchange 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) Our Company shall utilize the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment in compliance with Section 40 of the Companies Act, 2013; (ii) receipt of listing and trading approval from Stock Exchange and (iii) only upon execution of the documents for creation of security.

(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.

(f) 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.

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 be issued in compliance with the Regulation 30(1) of SEBI NCS Regulations and shall contain the information as prescribed in the SEBI NCS Regulations and Section 30 of the Companies Act, 2013.

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 information as prescribed under SEBI NCS Regulations.

Listing

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated [•]. 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 Exchange are taken within 6 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.

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

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee shall monitor the utilization of the proceeds of the Issue. For the relevant Fiscals commencing from the Fiscal 2021- 2022, our Company will disclose in our 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 law, our Company, at its discretion, may record 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.

ISSUE PROCEDURE

*This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Operational Circular, which provides, inter-alia, that for all public issues of debt securities all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. Further in terms of the SEBI Operational Circular retail individual investor may use the Unified Payment Interface ("**UPI**") to participate in the public issue for an amount up to ₹ 200,000 through the app/web interface of the Stock Exchange or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).*

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on 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 Draft Prospectus.

Please note that this section has been prepared based on the SEBI Operational Circular and the notifications issued by BSE, in relation to the UPI Mechanism, dated December 28, 2020.

Specific attention is drawn to the SEBI Operational Circular which provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

Our Company and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Managers are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, THE LEAD BROKERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN RESPECT OF THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE WILL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS/DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "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 holiday of commercial banks in Mumbai. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai.

Availability of this Draft Prospectus, Prospectus, Abridged Prospectus and Application Forms

The copies of the Draft Prospectus, the Prospectus, Abridged Prospectus together with Application Forms may be obtained from our Registered Office, Lead Managers to the Issue, Lead Brokers for marketing of the Issue, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally, the Prospectus and the Application Forms will be available for download on the website of BSE at www.bseindia.com. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange i.e. BSE at www.bseindia.com. Hyperlinks to the websites of the Stock Exchange for this facility will be provided on the websites of the Lead Managers and the SCSBs.

In addition, Application Forms would also be made available to all the recognised stock exchange. Further, Application Forms will also be provided to Trading Members at their request.

Our Company may provide Application Forms for being filled and downloaded at such websites as we may deem fit. The Issuer may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders'.

Who can apply?

The following categories of persons are eligible to apply in the Issue.

Category I

- Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds each with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements;
- 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
- Mutual funds registered with SEBI.

Category II

- 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 authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms 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).
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III

- High Net-worth Individual Investors - Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue

Category IV

- Retail Individual Investors - Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all options of NCDs in the Issue and shall include

Retail Individual Investors, who have submitted bid for an amount not more than ₹200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.

Note: 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 Bonds 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.

The information below is given for the benefit of Applicants. 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 Draft Prospectus.

How to apply?

Copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from our Registered Office, the Lead Managers, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally, the Prospectus and the Application Forms will be available

(i) for download on the website of BSE at www.bseindia.com and the website of the Lead Managers at www.equirus.com and/or www.equirussecurities.com.
(ii) at the designated branches of the SCSBs and the Syndicate Members at the Specified Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Please note that there is a single Application Form for, persons resident in India.

Method of Application

In terms of the SEBI Operational Circular an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the SEBI Operational Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**").

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Syndicate Members at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism)with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

For Applicants who submit the Application Form, in physical mode, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Operational Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. *Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)*

    a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

    b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

    c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹2 Lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. *Through Stock Exchange*

    a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

    b. The Stock Exchange have extended their web-based platforms i.e. 'BSE Direct' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 2 Lakh. To place bid through 'BSEDirect' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct.

    c. To further clarify the submission of bids through the App or web interface, the Stock Exchange has issued operational guidelines and circulars dated December 28, 2020 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof.

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.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 ("**SEBI Circular 2019**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees. 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 the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

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

Insurance companies registered with the IRDAI can apply in the Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. 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.

Applications by Indian Alternative Investments 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 therefore.**

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 or 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 made by 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.

Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

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

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the 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.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.
In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

Failing this our Company, in consultation with the Lead Managers, reserves the right to reject such Applications. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms 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 or 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 by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by Systematically Important Non-banking financial companies

Applications made by systematically important non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) memorandum and articles of association/charter of constitution; (ii) power of attorney;(iii) 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.

The Syndicate Members and their respective associates and affiliates are permitted to subscribe in the Issue.

Applications cannot be made by:

a. Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);
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 and other foreign entities;
d. Foreign Institutional Investors;
e. Foreign Portfolio Investors;
f. Non Resident Indians;
g. Qualified Foreign Investors;
h. Overseas Corporate Bodies**;
i. Foreign Venture Capital Funds; and
j. Persons ineligible to contract under applicable statutory/ regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*
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 Exchange by the Designated Intermediaries.

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 Exchange.

***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.*

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

An Applicant may submit the completed Application Form to designated intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Designated Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

An Applicant (belonging to Category IV) may also submit the Application Form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹2 lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account and Sponsor Bank Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

For ASBA Applications submitted to the Lead Managers or Lead Broker or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange 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 Exchange, 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 Exchange. 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.

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 Lead Broker or Trading Members of the Stock Exchange, 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 allotted to the successful Applicants to the Public Issue Account(s). The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 5 Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be. 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.

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 Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for the ***Issue.***

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Form do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

Additional Instructions for Retail Individual Investors using the UPI mechanism:

1. Before submission of the application form with the Designated Intermediary, a Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.
2. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface.
3. The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchange(s) bidding platform using appropriate protocols.
4. Once the bid has been entered in the bidding platform, the Stock Exchange(s) shall undertake validation of the PAN and Demat account combination details of investor with the depository.
5. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchange(s) which would be shared by the Stock Exchange(s) with the Designated Intermediaries through its platform, for corrections, if any.
6. Once the bid details are uploaded on the Stock Exchange(s) platform, the Stock Exchange(s) shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.
7. Post undertaking validation with the Depository, the Stock Exchange(s) shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.
8. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
9. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
10. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Issue.
11. The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the Issue period or any other modified closure date of the Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.
12. The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
13. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1 pm
14. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.
15. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
16. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange(s). The block request status would also be displayed on the Stock Exchange(s) platform for information of the intermediary.
17. The information received from Sponsor Bank, would be shared by Stock Exchange(s) with the Registrar to the Issue in the form of a file for the purpose of reconciliation.
18. Post closure of the Issue, the Stock Exchange(s) shall share the bid details with the Registrar to the Issue. Further, the Stock Exchange(s) shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of the Prospectus with ROC

A copy of the Prospectus shall be filed with the ROC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Prospectus and the date of release of the statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

1. Applications must be made in the prescribed Application Form.

2. Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in *th*e Prospectus and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.

3. Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in the Issue Documents.

4. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

5. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.

6. 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.

7. Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by the Designated Intermediaries, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

8. Applicants must ensure that their Application Forms are made in a single name.

9. The minimum number of Applications and minimum application size shall be specified in the Prospectus. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.

10. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.

11. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

12. All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

13. Applications for all the series of the NCDs may be made in a single Application Form only.

The series, mode of allotment, PAN, demat account number, etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, 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 the Prospectus for the Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, CLIENT ID, PAN AND UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM) IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID PAN AND UPI ID GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID, PAN AND UPI ID AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID,PAN and UPI ID provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, 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 is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Allotment Advice would be mailed by post or e-mail at the address of the Applicants in accordance with the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in *the* Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through post, the Demographic Details obtained from the Depository of the Applicant shall be used.

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 this Issue will be made into the accounts of the 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 four parameters, namely, DP ID, Client ID,PAN and UPI ID then such Applications are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for Retail Individual Investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

Submission of Applications

Applicants can apply for NCDs only using the ASBA facility pursuant to SEBI Operational Circular. 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 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 Exchange. 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 Exchange. 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 Exchange. 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 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 register such ASBA Applications.

(b) Physically through the Lead Brokers, Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Lead Brokers, Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Brokers, Lead Managers or Trading Members of the Stock Exchange, 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).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹2 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Lead Brokers, Lead Managers or Trading Members of the Stock Exchange, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange 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 Brokers, Lead Managers or Trading Members of the Stock Exchange, 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.

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 Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange 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 Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from 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 Exchange, 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 see section titled "*Issue Related Information*" on page 281.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Lead Broker or Trading Members of the Stock Exchange, 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 Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

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 *this* 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.
- Applicants must apply for Allotment in dematerialised form and must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- The minimum number of Applications and minimum application size shall be specified in the Prospectus. Applicants may apply for one or more series of NCDs Applied for 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, Lead Broker, Trading Members of the Stock Exchange 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 Managers, Lead Broker, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (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.
- ASBA will be the default "Mode of Application" as per the SEBI Operational Circular.
- 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

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Lead Broker, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Lead Managers, Lead Broker, Trading Member of the Stock Exchange, Public Issue Account 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 series of NCDs, as specified in the Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account and Bank Account Details

Applicants applying for Allotment in dematerialized form must mention their DP ID ,Client ID, PAN and UPI ID (in case applying through UPI Mechanism) 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 Exchange 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 Exchange, 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, NACH, 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 Exchange, Public Issue Account Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange 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 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 Exchange, Public Issue Account Banks, SCSBs, Registrar to the Issue nor the Stock Exchange 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 the 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 Permanent Account Number (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 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 as specified in the Prospectus. Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, 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 Hindu Undivided family 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 of the sole or the first Applicant is one and the same.

Electronic registration of Applications

(a) The Designated Intermediaries will register the Applications using the on-line facilities of Stock Exchange. The Lead Managers, Lead Broker, 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 Designated Intermediaries, (ii) the Applications uploaded by the Designated Intermediaries, (iii) the Applications accepted but not uploaded by the Designated Intermediaries, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the

ASBA Accounts or (iv) Applications accepted and uploaded by the Designated Intermediaries for which the Application Amounts are not blocked by the SCSBs.

(b) The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Syndicate Members and the other Designated Intermediaries during the Issue Period. On the Issue Closing Date, the Syndicate Members and the other Designated Intermediaries shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Syndicate Members and the other Designated Intermediaries 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.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.

(e) A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Syndicate Members or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the Stock Exchange 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, and/or the Lead Managers are cleared or approved by the Stock Exchange; 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 Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(g) In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

(h) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries 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 Exchange. In order that the data so captured is accurate, Designated Intermediaries 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 to the Issue for reconciliation with the data available with the NSDL and CDSL.

Process for investor application submitted with UPI as mode of payment

(a) Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).

(b) An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface, or any other methods as may be permitted.

(c) The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.

(d) Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.

(e) The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.

(f) Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

(g) Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.

(h) The Sponsor Bank shall initiate a mandate request on the investor

(i) The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.

(j) The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.

(k) An investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.

(l) An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

(m) For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 1 PM.

(n) The facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.

(o) Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

(p) The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

(q) The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

(r) Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

(s) The allotment of debt securities shall be done as per SEBI NCS Regulations and SEBI Operational Circular.

(t) The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

(u) Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

(v) Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.

(w) Thereafter, Stock Exchange will issue the listing and trading approval.

(x) Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 the investor shall also be responsible for the following:

i. Investor shall check the Issue details before placing desired bids;
ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/ integration of UPI on Debt Public Issue System;
iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

General Instructions

Do's

1. Check if you are eligible to apply as per the terms of the 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 you have mentioned the correct ASBA Account number in the Application Form;
6. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Intermediaries, as the case may be.
7. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
8. 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 as per the procedures and requirements prescribed by each relevant Stock Exchange, 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.
9. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
10. 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 Exchange, match with the DP ID, Client ID and PAN available in the Depository database;
11. 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 of the HUF should be mentioned in the Application Form and not that of the Karta;
12. Ensure that the Applications are submitted to the Lead Managers, Lead Broker, Trading Members of the Stock Exchange 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 see the section titled "*Issue Related*

Information" on page 281.

13. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;
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. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and
17. Tick the series of NCDs in the Application Form that you wish to apply for.
18. Check if you are eligible to Apply under ASBA;
19. Retail individual investors using the UPI Mechanism to ensure that they submit bids upto the application value of ₹ 200,000;
20. Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;
21. Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchange App/ Web interface
22. Ensure that you give the correct details of your ASBA Account including bank account number/ bank name and branch;
23. 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 Lead Broker or Trading Members of the Stock Exchange at the Specified Cities, and not directly to the Public Issue Account Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
24. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Trading Members of the Stock Exchange, 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 Lead Broker or Trading Members of the Stock Exchange, 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);
25. 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.
26. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the account holder;
27. 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;
28. 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 or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
29. Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Managers or Lead Broker or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.
30. Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

In terms of 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.

SEBI Operational Circular stipulates the time between closure of the Issue and listing at six Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

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 stock invest;
3. Do not send Application Forms by post; instead submit the same to the Lead Brokers, sub-brokers, Trading Members of the Stock Exchange 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 ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;
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); and
13. Do not make an application of the NCD on multiple copies taken of a single form.
14. 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;
15. Do not submit the Application Form to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at a location other than the Specified Cities.
16. 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 Exchange, as the case may be, at the Specified Cities; and
17. Do not submit more than five Application Forms per ASBA Account.
18. If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID;
19. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;
20. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor and if the Application is for an amount more than ₹ 200,000;

Kindly note that Applications submitted to the Designated Intermediaries 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 location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Depository Arrangements

Our Company has made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

1. Tripartite Agreements dated June 17, 2016 and between us, the Registrar to the Issue and CDSL for offering depository option to the Applicants.
2. Tripartite Agreements dated June 16, 2016 and between us, the Registrar to the Issue and NSDL for offering depository option to the Applicants.
3. 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.
4. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

5. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to the Issue.
6. It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange have connectivity with NSDL and CDSL.
7. Interest or other benefits with respect to the NCDs held in dematerialised 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.
8. The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled "*Issue Procedure*" on page 299.

Communications

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 and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

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 as 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 creation of security as stated in the Prospectus in the section titled "*Terms of the Issue*" on page 286 and after (a) permissions or consents for creation of pari passu charge have been obtained from the creditors who have pari passu charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue amount; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from the Stock Exchange;
(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.

(g) The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

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 six Working Days of the Issue Closing Date;
(d) Funds required for dispatch of Allotment Advice 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 Current 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 the Prospectus.
(g) We shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time.
(h) We shall create a recovery expense fund in the manner as may be specified by the Board from time to time and inform the Debenture Trustee about the same.
(i) We undertake that the assets on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor.
(j) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

Rejection of Applications

As set out 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 it's 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:

- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;
- Applications not being signed by the sole/joint Applicant(s);
- Investor Category in the Application Form not being ticked;
- Application Amount blocked being higher or lower 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;
- Applications where a registered address in India is not provided for the Applicant;
- In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partners(s);
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- 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;
- DP ID and Client ID not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications by OCBs;
- Applications for an amount below the minimum application size;

- Submission of more than five ASBA Forms per ASBA Account;
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;
- Applications accompanied by Stock invest/ cheque/ money order/ postal order/ cash;
- 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);
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- Application Forms not being signed by the ASBA Account holder if the account holder is different from the Applicant.
- If the signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB Bank's records where the ASBA Account mentioned in the Application Form is maintained;
- Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;
- ASBA Applications not having details of the ASBA Account to be blocked;
- 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;
- 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;
- If an authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;
- The UPI Mandate Request is not approved by the Retail Individual Investor;
- 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;
- Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by any person outside India;
- Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- Applications not uploaded on the online platform of the Stock Exchange;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and *the* Prospectus;
- 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;
- Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
- Applications providing an inoperative demat account number;
- ASBA Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Banker to the Issue (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Category not ticked;
- Forms not uploaded on the electronic software of the Stock Exchange and/or in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries 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 Exchange, Members of the Syndicate, Designated Intermediaries, 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 certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see below "*Issue Procedure-Information for Applicants*".

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 Exchange 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 Exchange, 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 Applicants submitted to the Lead Managers, Lead Broker and Trading Members of the Stock Exchange 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 Exchange, 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.

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.

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 5 Working Days of the Issue Closing Date.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Basis of Allotment

[•]

Allocation Ratio

[•]

Payment of Refunds:

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 the applicable regulatory timelines.

Issuance of Allotment Advice

Our Company shall ensure dispatch of Allotment Advice as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 5 Working

Days of the Issue Closing Date

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities and approvals for the commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 5 Working Days from the Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants can withdraw their ASBA Applications till the issue closure date by submitting a request for the same to the Lead Brokers, Trading Member of the Stock Exchange 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, Lead Broker, or Trading Members of the Stock Exchange at the Specified Cities, upon receipt of the request for withdrawal from the Applicant, the relevant Lead Managers, or Trading Member of the Stock Exchange, 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 Exchange. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the 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 Exchange and unblocking of the funds in the ASBA Account directly.

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.

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 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 pre-issue advertisement have been given.

If our Company does not receive the minimum subscription of 75% of Base Issue Size prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) 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. However, please note that in case of cancellation of one or more orders (series) 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 Designated Intermediary, 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 as per the procedures and requirements prescribed by each relevant Stock Exchange, 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 Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 PM) 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 to the Issue for reconciliation with the data available with the NSDL and CDSL.

SECTION VIII - SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

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, Schedule I to the Companies Act, 1956, as far Public Company, except in regard to matters contained in these Articles which shall have the effect to excluding such regulations of Table A, 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) Authorized Share Capital of the Company will be as may be specified under clause V of the Memorandum of Association of the Company.
   (c) The paid up capital of the Company shall be minimum of 5,00,000 (Five Lacs only).
   (d) 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.
   (e) 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.
   (f) 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.
   (g) 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 options 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;
    (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, as & 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 Rs. 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 Companies Act, 1956, 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. Anurag Madan;
    (b) Mr. Rajeev Mehrotra;
    (c) Mr. Vikas Khemani.

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.

BORROWING POWERS

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. 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

41. (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.

42. 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.

42A. 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.

42 B 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.

42C (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

43. The Company may, and in the case of resolutions, relating to such business as the Central Government may be notified, declare to be conducted only by Postal Ballot, shall, get any Resolution passed by means of a Postal Ballot, instead of transacting the business in General Meeting of the Company.

44. 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 therefore, and requesting them to send their assent or dissent in writing on a Postal Ballot, within 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.

45. 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 a meeting of the Board or Committee as the case may be), and to all other Directors or Members of the Committee at their usual addresses in India and has been approved by such of the 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

46. 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.

47. *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.
*(*Amended vide Special Resolution passed at EGM held on February 18, 2013.)*

COMMON SEAL

48. The Company shall have a Common Seal and the Board shall provide for the 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

49. Subject to Section 201 of the Act, every officer or agent for the time being of the Company shall be identified out of the assets of the Company against any liability by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 623 of the Act in which relief is granted to him by the Court.

50. Dematerialisation Of Securities

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 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 out 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.

Right of depositories and Beneficial owners

5(a) Notwithstanding anything to the Company 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 of 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

51. 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

52. 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

53. 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.

54. 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 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 Office of our Company situated at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai - 400 098, Maharashtra, India between 10 am to 5 pm on any Working Days from the date of the filing of this Draft Prospectus with Stock Exchange.

MATERIAL CONTRACTS

1. Issue Agreement dated December 31, 2021 between our Company and the Lead Manager.

2. Registrar Agreement dated December 31, 2021 between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated December 22, 2021 executed between our Company and the Debenture Trustee.

4. Tripartite agreement dated June 17, 2016 among our Company, the Registrar to the Issuer and CDSL.

5. Tripartite agreement dated June 16, 2016 among our Company, the Registrar to the Issuer and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.

2. Certificate of Incorporation of our Company dated May 30, 2008 issued by the RoC.

3. Certificate of commencement of business dated June 12, 2008 issued by the RoC.

4. Copy of shareholders' resolution on January 24, 2019 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 passed by the Board of Directors dated December 16, 2021 approving the issue of NCDs.

6. Copy of the resolution passed by the Operations Committee at its meeting held on December 31, 2021 approving this Draft Prospectus.

7. Letter dated December 13, 2021, by CRISIL Ratings Limited assigning a rating of "CRISIL AA-/ Negative (pronounced as CRISIL double A minus rating with Negative outlook)" for the Issue with rating rationale and press release dated December 10, 2021.

8. Letter dated December 29, 2021, by Acuité Ratings and Research Limited assigning a rating of "ACUITE AA/Negative" (pronounced as ACUITE double A rating with Negative outlook) for the Issue with rating rationale dated December 29, 2021.

9. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Managers, to the Issue, Legal Advisor to the Issue, Credit Rating Agencies, Bankers to our Company, Registrar to the Issue and the Debenture Trustee for the NCDs.

10. Consent of CARE Advisory Research and Training Limited (CareEdge Research) dated December 28, 2021 as the agency issuing the industry report titled "*Industry Report on Housing Finance*" dated December 2021 forming part of the Industry Overview chapter.

11. Our Company has received the written consent dated December 31, 2021 from NGS & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination reports dated December 31, 2021, on the reformatted financial information of the Company a as at and for each of the years ended March 31, 2021, 2020 and 2019; (ii) the limited review reports dated October 27, 2021 relating to the Unaudited Interim Financial Results of the Company for the quarter ended September 30, 2021 and year to date

April 1, 2021 to September 30, 2021 pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 as amended; and (iii) the reports on statement of possible tax benefits dated December 31, 2021, included in this Draft Prospectus, and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

12. The examination report dated December 31, 2021 in relation to the Reformatted Financial Information.

13. The limited review reports, each dated October 27, 2021 in relation to the Unaudited Interim Financial Results.

14. The reports on statement of possible tax benefits dated December 31, 2021.

15. Annual Report of our Company for the last three Fiscals.

16. In-principle listing approval from BSE by its letter no. [•] dated [•].

17. Due Diligence Certificate dated [•] filed by the Lead Manager with SEBI.

18. Due Diligence certificate dated December 31, 2021 filed by the Debenture Trustee to the Issue.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, 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, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable , as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Draft Prospectus are true, accurate and correct in all material respects, are in conformity with Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be 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 Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been supressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter(s) subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of the Company

____
Rajat Ravi Avasthi
Managing Director & CEO
DIN: 07969623

____
Deepak Mittal
Non-Executive Director
DIN: 00010337

____
Phanindranath Kakarla
Non-Executive Director
DIN: 0207667

____
Gautam Chatterjee
Independent Director
DIN: 02464197

____
Shilpa Gattani
Non-Executive Director
DIN:05124763

____
Biswamohan Mahapatra
Independent Director
DIN: 00499442

____
Sunil Nawal Phatarphetar
Independent Director
DIN: 00005164

Date: December 31, 2021
Place: Mumbai

ANNEXURE A – CRISIL RATING AND RATIONALE

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Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

RL/EDLSHFL/283029/NCD/1221/22588/101310565
December 13, 2021

Ms. Shilpa Gattani
Senior Vice President
Edelweiss Housing Finance Limited
Edelweiss House, 11th Floor,
Off C.S.T. Road, Kalina Off C.S.T. Road,
Kalina
Mumbai City - 400098

Dear Ms. Shilpa Gattani,

Re: CRISIL Rating on the Rs.500 Crore Non Convertible Debentures of Edelweiss Housing Finance Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, Assigned a CRISIL AA-/Negative (pronounced as CRISIL double A minus rating with Negative outlook) rating on 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.

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 Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings 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 Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

As per 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. This will enable CRISIL Ratings 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 at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Malvika Bhotika

Malvika Bhotika
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

CRISIL

Details of the Rs.500 Crore Non Convertible Debentures of Edelweiss Housing Finance Limited

<table>
<tr><th></th><th colspan="2">1st tranche</th><th colspan="2">2nd tranche</th><th colspan="2">3rd tranche</th></tr>
<tr><td>Instrument Series:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Amount Placed:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Maturity Period:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Put or Call Options (if any):</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Coupon Rate:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Interest Payment Dates:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td rowspan="2">Principal Repayment Details:</td><td>Date</td><td>Amount</td><td>Date</td><td>Amount</td><td>Date</td><td>Amount</td></tr>
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<tr><td>Investors:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Trustees:</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
</table>

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Ratings
CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL
An S&P Global Company

Rating Rationale

December 10, 2021 | Mumbai

Edelweiss Housing Finance Limited

'CRISIL AA-/Negative' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.2335 Crore**
Long Term Rating	**CRISIL AA-/Negative (Reaffirmed)**

Rs.500 Crore Non Convertible Debentures	**CRISIL AA-/Negative (Assigned)**
Rs.780 Crore Non Convertible Debentures	**CRISIL AA-/Negative (Reaffirmed)**
Rs.250 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL AA-/Negative'** rating to Rs 500 crore non-convertible debentures of Edelweiss Housing Finance Limited (EHFL; part of the Edelweiss group) It has also reaffirmed its ratings on the other long term bank facilities and debt instruments of at 'CRISIL AA-/Negative/CRISIL A1+'.

The rating reaffirmation factors in the group's adequate capitalisation levels, supported by multiple capital raises, and its diversified business profile with presence across lending, asset management, wealth management, broking, asset reconstruction and insurance segments, and demonstrated ability to build significant presence in multiple lines of business - this should support earnings going ahead. The group also maintains adequate liquidity on an ongoing basis.

The continuation of the 'Negative' outlook reflects the challenges on profitability and asset quality that the group has been facing largely on account of stress on its wholesale lending book. The retail lending book was also impacted amid the Covid-19 pandemic. Trends in profitability and asset quality in the medium term will be key monitorables.

Despite the challenging macro environment for non-banks, the group has been able to raise capital from marquee global investors. During the last quarter of fiscal 2021, stake sale of Edelweiss Wealth Management (EWM; comprising wealth management and capital markets business) to PAG (Pacific Alliance Group, Asia-focused alternative investment managers) was concluded with the group receiving Rs 2,366 crore. PAG currently holds 61.5% of the business, while Edelweiss Group holds a 38.5% stake, with an option to increase it to 44%. Earlier, the group raised Rs 1,334 crore (in aggregate) from Caisse de depot et placement du Quebec (CDPQ), Kora Management (Kora; a US-based investment firm), and Sanaka Growth SPV I Ltd (part of Sanaka Capital) between March and November in 2019. These stake sales have helped to absorb asset-side risks and despite business losses in fiscals 2020 and 2021, the networth remained relatively steady at Rs 8,542 crore as on March 31, 2021 (Rs 8,715 crore as on March 31, 2019). With a decline in borrowings, the gearing has also reduced to around 3 times as on March 31, 2021 from around 4 times as on March 31, 2020. The group is also in the process of proceeding with stake sale of the remaining 70% in the Insurance broking venture to Arthur Gallagher, which already holds 30% stake. This transaction is expected to bring in Rs 300-400 crore at the holding company level before December 2021, which should further support capitalisation.

The group has diversified business interests in financial services. Many of the non-lending businesses including the asset reconstruction company (ARC), asset management, and wealth management have scaled up significantly over the years and are contributing a higher share of revenue and profit. These businesses should support the overall earnings profile.

The group also maintains adequate liquidity. The overnight on-balance-sheet liquidity (including cash, liquid investments, and treasury assets) stood at around Rs 2,625 crore, and unutilised bank lines at Rs 300 crore, as on October 31, 2021. The group also has other liquid assets (investments, securities-based lending), that can be accessed if necessary. This stood at around Rs 2,825 crore as on October 31, 2021. The group raised around Rs 7,565 crore in fiscal 2021 and Rs 3,597 crore from April 2021 to December 2021 through bank loans, securitisation, structured NCDs as well retail bonds.

As for asset quality, overall reported gross stage III assets in the lending business increased to 7.7% as on March 31, 2021, from 5.3% a year earlier. The increase is attributed to a decline in the loan book to Rs 15,279 crore, from Rs 21,032 crore a year earlier. On an absolute basis, stage III assets stood largely stable at Rs 1,182 crore as on March 31, 2021 (Rs 1,114 crore a year earlier) supported by write-offs and sale to ARCs of Rs 2,047 crore during fiscal 2021.The overall stage III assets ratio improved to 4.5% as on September 30, 2021. Nevertheless, including security receipts held, the stressed assets of the lending book would be higher.

The group has also restructured ~3.7% of its portfolio in line with the Reserve Bank of India's (RBI's) August 2020 Resolution Framework for Covid-19-related stress (restructuring 2.0).

While the wholesale book had been witnessing challenges for the last few quarters, the retail book has also seen increased asset quality pressures given the tough macro environment. Stage III assets ratio in the retail book increased to 3.9% as on March 31, 2021, from 1.2% a year earlier. The reported stage III assets ratio in the wholesale book stood at 12.0% as on March 31, 2021. Nevertheless, stage III assets ratio in both wholesale and retail book improved to 5.7% and 3.4% respectively as on September 30, 2021.

With the second wave of the pandemic resulting in intermittent lockdowns and localised restrictions, there has been a dip in collections in some segments given the impact on borrowers' cash flows. This is, however, expected to improve and normalise with easing of lockdowns and pick-up in economic recovery. Any change in the behaviour of borrowers on payment discipline can, however, further affect delinquency levels.

Nevertheless, the group continues to move towards an asset-light model through sell-down of wholesale assets and co-lending arrangements in the retail lending business. In wholesale finance, it is shifting the assets to a fund platform, which will provide completion finance to projects. In this regard, the group has already concluded transactions aggregating over Rs 2,500 crore in the past 18 months. It is in advanced stages of concluding additional transactions.

The increased stress in the loan book and consequent higher provisions, including management overlay, has impacted the group's earnings profile. On a consolidated basis, while the group reported a net profit of Rs 254 crore in fiscal 2021 (loss of Rs 2,044 crore in fiscal 2020), it was primarily due to the one-off gain from stake sale in the wealth management business. Excluding this one-off gain, the group would have reported a net loss in fiscal 2021 as well. During the first half of fiscal 2022, the group reported a net profit of Rs 91 crore after reducing wealth management shareholder's profit of Rs 57 crore as compared to loss of Rs 320 crore in first half of fiscal 2021.

Improvement in asset quality and profitability will be a key rating sensitivity factor.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has combined the business and financial risk profiles of Edelweiss Financial Services Ltd (EFSL), its subsidiaries (including Edelweiss Housing Finance Limited) and associates in the wealth management business. This is because all these entities have significant operational, financial, and managerial linkages and operate under a common Edelweiss brand.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Adequate capitalisation, supported by multiple capital raises**

  The Edelweiss group has demonstrated its ability to raise capital from global investors, across businesses, despite the tough macro environment. The group has raised more than Rs 3,700 crore over the past 24 months across the lending, wealth management and asset management businesses. This has helped to maintain the capital position despite elevated credit costs, and absorb asset-side risks. During the first quarter of fiscal 2022, the group plans to raise an additional Rs 300-400 crore through stake sale in its insurance broking business before December 2021; the transaction is pending regulatory approvals.

  With the scale-down of the lending business over the past few quarters, borrowings have also come down. With this, coupled with capital raised, the gearing has come down to ~2.9 times as on September 30, 2021 (~3 times as on March 31, 2021), from ~4 times as on March 31, 2020.

- **Diversified financial services player, with demonstrated ability to build significant competitive positions across businesses**

  Edelweiss group is a diversified financial services player with presence across various businesses including asset management, wealth management, life insurance, general insurance, asset reconstruction, alternate assets, broking, investment banking, retail finance and wholesale finance. The group has attained sizeable scale in many of these businesses over a period of time which is likely to lend greater stability to earnings over time.

  In the lending business of book size of Rs 13,719 crore as on September 30, 2021 (Rs 15,279 crore as on March 31, 2021), excluding capital deployed in distressed assets credit, the group plans to focus on increasing the granularity of the loan book. As a part of this strategy, it will focus on growing the retail book (~52% of total credit book as on September 30, 2021 and March 31, 2021) comprising primarily of mortgage and micro, small and medium enterprises [MSME] loans. Growth in the wholesale credit book is expected to be predominantly through the fund structure.

  In the distressed assets segment, Edelweiss ARC is the largest ARC in India, with total securities receipts managed at Rs ~42,800 crore as on September 30, 2021 (Rs ~40,800 crore as on March 31, 2021). From being largely corporate focused, the group has, in the recent past, started focusing on retail and MSME segments. The share of retail is expected to grow over the medium term from less than 5% as of September 30, 2021.

  The scale of, and profits from, fee-based businesses has also increased in the past few fiscals. The group has an established franchise in institutional broking and investment banking and an expanding presence in the retail broking, wealth management, and asset management segments.

Assets under advice in the global wealth management business were ~Rs.180,100 crore (Rs 155,000 crore as on March 31, 2021), and assets under management (AUM) in the asset management business stood at ~Rs 101,200 crore (Rs 85,000 crore as on March 31, 2021) [~Rs 71,000 crore of mutual fund assets and ~Rs 30,200 crore of alternate assets] as on September 30, 2021. The group is among the larger players in the alternate assets space.

Further, the life and general insurance businesses are gaining scale and are also expected to break even over the medium term.

Weaknesses:

- **Asset quality remains vulnerable**
  Overall stage III assets ratio rose to 7.7% as on March 31, 2021, compared to 5.3% as on March 31, 2020. The deterioration in asset quality in the last few years was majorly on account of wholesale segment. However, in fiscal 2021, the retail segment has also been adversely impacted on account of the pandemic. Furthermore, the group's weak assets, which include a portion of the security receipts, is higher than that of peers. Nevertheless, during the first half of fiscal 2022, overall stage III assets ratio improved to 4.5%.

  Despite this, the asset quality of the wholesale book remains vulnerable due to its exposure to the real estate segment and stressed mid-tier borrowers in structured credit. While the group is in the process of gradually running down the wholesale book, this still contributed about 48% of the total loan book as on September 30, 2021 (47% as on March 31, 2021). Also, the wholesale loan book remains concentrated with 10 largest loans constituting ~38% of the wholesale portfolio. Nevertheless, the group has reasonable collateral cover for its wholesale loans, and has also built strong recovery capabilities.

  Given the current macro environment, asset quality of the exposures to retail credit (retail mortgage, loans against property [LAP] and loans to MSME sectors) has deteriorated in fiscal 2021. However, stage III assets in the retail segment are well below those in the wholesale segment and the retail book has more granular exposure.

  Any sharp deterioration in asset quality, specifically in the wholesale lending book, will impact profitability, as well as capitalisation and remains a key rating monitorable.

- **Lower profitability than peers**
  Profitability has been lower than those of other large, financial sector groups. It was significantly impacted in the last few quarters owing to higher credit costs.

  The group reported a net profit of Rs 254 crore in fiscal 2021 supported by one-off income as compared to a loss of Rs 2,044 crores in fiscal 2020. Consequently, return on assets (annualised) and return on equity (annualised) improved to 0.5% and 3.0%, respectively, in fiscal 2021 (-3.4% and -23.7%, respectively, in fiscal 2020). Further, with continued provisioning, the provision coverage ratio has improved to 47% as on March 31, 2021. During the first half of fiscal 2022, the group reported a net profit of Rs 91 crore after reducing wealth management shareholder's profit of Rs 57 crore as compared to loss of Rs 320 crore same period last year.

  Around 20% of the 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 investment portfolio under its balance sheet management unit (BMU), used for managing liquidity. This largely comprises government securities, fixed deposits, liquid mutual fund units, and corporate bonds, which have a low return on capital employed. Furthermore, the life and general insurance businesses continue to be loss-making, given their long gestation periods. Breaking even of the insurance businesses should benefit group profitability over the medium term.

  As the group is diversified, each business vertical contributes to overall profitability. The non-credit business now contributes significantly to the total profit after tax (PAT) given the group's established position in these businesses; this should also support the overall earnings profile. Also, most of the businesses have been reporting profits from the last quarter of fiscal 2021 and gradual improvement in profitability is expected over the medium term.

Liquidity: Adequate

As a policy, the group maintains a liquidity cushion of 9-10% of the balance sheet. There was a liquidity cushion (including cash, liquid investments, and treasury assets) of around Rs 2,625 crore and unutilised bank lines of around Rs 300 crore as on October 31, 2021. The group also has other liquid assets (investments, securities-based lending book), which can be accessed if necessary; these stood at around Rs 2,825 crore. As on October 31, 2021, the overall liquidity was adequate to meet the debt obligation of around Rs 4,897 crore that was due over the next few months until February 28, 2022. The maturity profile of assets and liabilities continue to be well-matched.

Outlook: Negative

The Negative outlook factors in the challenges faced by the Edelweiss Group due to stressed assets in its credit business, especially in its wholesale lending book and the impact of the same on its profitability.

Rating Sensitivity factors

Upward factors

- Significant improvement in the group's asset quality with Stage III assets ratio less than 3% on a sustained basis, coupled with reduction in level of stressed assets
- Demonstration of profitability across businesses

Downward factors

- Continued pressure on profitability, with losses continuing on a sustained basis (Negative PAT excluding one-off gains)
- Deterioration in asset quality of the Edelweiss group
- Funding access challenges with limited fund-raising by the group
- Lack of progress on planned scale-down of wholesale portfolio

About the Company and the group
Edelweiss Housing Finance Ltd (EHFL) is a housing finance company registered with National Housing Bank (NHB) and was incorporated in FY2011 following the group's strategy of creating a larger retail footprint. The company offers home loans and loans against property. As on September 30, 2021, the company had assets of Rs 4,407 crore.

EHFL reported a profit after tax (PAT) of Rs 3.73 crore on total income of Rs 551 crore for fiscal 2021, against a profit of Rs 1.56 crore on total income of Rs 607 crore for fiscal 2020. During first half of fiscal 2022 EHFL reported a PAT of Rs 2 crore on total income of Rs 255 crore.

The Edelweiss group comprised 48 companies as on March 31, 2021. The number of companies has come down from 74 as on March 31, 2016, and is expected to come down further over the next few quarters (subject to requisite approvals). The group had 234 offices (including ten international offices in six locations) in around 136 cities as on September 30, 2021. Furthermore, as a part of streamlining its operating structure, the group has restructured the businesses into three verticals: credit, advisory and insurance.

The group has a presence across various financial services businesses. These businesses include loans to corporates and individuals, mortgage finance, including LAPs and small-ticket housing loans, MSME finance, agricultural credit including commodity sourcing and distribution, institutional and retail equity broking, corporate finance and advisory, wealth management, third-party financial products distribution, alternative and domestic asset management, and life and general insurance. In addition, the BMU focuses on liquidity and asset-liability management.

In fiscal 2021, the group's PAT was Rs 254 crore on total income of Rs 10,849 crore against a net loss of Rs 2,044 crore and total income of Rs 9,603 crore in fiscal 2020. During first half of fiscal 2022, the group reported a net profit of Rs 91 crore on total income of Rs 3,503 crore as compared to net loss of Rs 320 crore and total income of Rs 4,177 crore in first half of fiscal 2021.

Key Financial Indicators: EFSL (Consolidated)

As on/For period ended September 30		2021	2020
Total assets	Rs crore	44832	52239
Total income	Rs crore	3503	4177
PAT (before minority interest)	Rs crore	91	-320
PAT (after minority interest)	Rs crore	75	-294
Stage III assets	%	4.5	5.5
Gearing	Times	2.9	3.8
Return on assets	%	0.3	-1.1

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (INR. Crs)	Complexity Level	Rating Assigned
INE530L07277	Debentures	19-May-17	8.55% p.a.	19-May-22	50	Simple	CRISIL AA-/Negative
INE530L07293	Debentures	21-Jun-17	8.55% p.a.	21-Jun-22	50	Simple	CRISIL AA-/Negative
INE530L07301	Debentures	30-Jun-17	8.55% p.a.	30-Jun-22	10	Simple	CRISIL AA-/Negative
INE530L07301	Debentures	12-Jul-17	8.55% p.a.	30-Jun-22	20	Simple	CRISIL AA-/Negative
INE530L07327	Debentures	23-Mar-18	8.90%	23-Sep-22	150	Simple	CRISIL AA-/Negative
INE530L07350	Debentures	18-Mar-19	10.03%	18-Mar-29	150	Simple	CRISIL AA-/Negative
NA	Debentures#	NA	NA	NA	350	Simple	CRISIL AA-/Negative
NA	Debentures#	NA	NA	NA	500	Simple	CRISIL AA-/Negative
NA	Long Term Bank	NA	NA	NA	900	NA	CRISIL

	Loan Facility^						AA-/Negative
NA	Long Term Bank Loan Facility^	NA	NA	31-Dec-24	500	NA	CRISIL AA-/Negative
NA	Long Term Bank Loan Facility^	NA	NA	31-Mar-23	150	NA	CRISIL AA-/Negative
NA	Long Term Bank Loan Facility^	NA	NA	31-Mar-23	150	NA	CRISIL AA-/Negative
NA	Long Term Bank Loan Facility^	NA	NA	31-Mar-23	150	NA	CRISIL AA-/Negative
NA	Proposed Long Term Bank Loan Facility^	NA	NA	NA	460	NA	CRISIL AA-/Negative
NA	Overdraft	NA	NA	NA	25	NA	CRISIL AA-/Negative
NA	Commercial Paper Programme	NA	NA	7-365 days	250	Simple	CRISIL A1+

#Yet to be issued/unutilized
^Interchangeable between short term and long term

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
ECL Finance Ltd	Full	Subsidiary
Edelweiss Rural & Corporate Services Ltd	Full	Subsidiary
Edelweiss Asset Reconstruction Company Ltd	Full	Subsidiary
Edelweiss Housing Finance Ltd	Full	Subsidiary
Edelweiss Retail Finance Ltd	Full	Subsidiary
Edel Finance Company Ltd	Full	Subsidiary
Edelweiss Asset Management Ltd	Full	Subsidiary
EdelGive Foundation	Full	Subsidiary
Edelweiss Tokio Life Insurance Company Ltd	Full	Subsidiary
Edelweiss General Insurance Company Ltd	Full	Subsidiary
Allium Finance Private Ltd	Full	Subsidiary
Edelcap Securities Ltd	Full	Subsidiary
Edelweiss Securities and Investment Pvt Ltd	Full	Subsidiary
ECap Equities Ltd	Full	Subsidiary
Edel Investments Ltd	Full	Subsidiary
EC Commodity Ltd	Full	Subsidiary
Aster Commodities DMCC	Full	Subsidiary
EC International Ltd	Full	Subsidiary
Edel Land Ltd	Full	Subsidiary
Edelweiss Comtrade Ltd d	Full	Subsidiary
Edelweiss Multi Strategy Fund Advisors LLP	Full	Subsidiary
Edelweiss Gallagher Insurance Brokers Ltd	Full	Subsidiary
Edelweiss Private Equity Tech Fund	Full	Subsidiary
Edelweiss Value and Growth Fund	Full	Subsidiary
India Credit Investment Fund II	Full	Subsidiary
EAAA LLC	Full	Subsidiary
Edelweiss Alternative Asset Advisors Ltd	Full	Subsidiary
Edelweiss Alternative Asset Advisors Pte. Ltd	Full	Subsidiary
Edelweiss Investment Adviser Ltd	Full	Subsidiary
Edelweiss Resolution Advisors LLP	Full	Subsidiary
EW Special Opportunities Advisors LLC	Full	Subsidiary
Edelweiss Trusteeship Company Ltd	Full	Subsidiary
Edelweiss International (Singapore) Pte. Ltd	Full	Subsidiary
Edelweiss Capital Services Ltd	Full	Subsidiary
Edelweiss Real Assets Managers Limited	Full	Subsidiary
Sekura India Management Limited	Full	Subsidiary
Edelweiss Securities Limited	Proportionate	Associate
Edelweiss Finance & Investments Limited	Proportionate	Associate
Edelweiss Broking Limited	Proportionate	Associate
Edelweiss Custodial Services Limited	Proportionate	Associate
Edelweiss Financial Services Inc	Proportionate	Associate
Edelweiss Investment Advisors Private Limited	Proportionate	Associate
Edelweiss Securities (Hong Kong) Private Limited	Proportionate	Associate
Edelweiss Financial Services (UK) Limited	Proportionate	Associate
Edelweiss Securities (IFSC) Limited	Proportionate	Associate

ESL Securities Limited	Proportionate	Associate

Annexure - Rating History for last 3 Years

	Current			2021 (History)		2020		2019		2018		Start of 2018
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	2335.0	CRISIL AA-/Negative	24-09-21	CRISIL AA-/Negative	07-09-20	CRISIL AA-/Negative	04-10-19	CRISIL AA-/Stable	30-08-18	CRISIL AA/Stable	CRISIL AA/Stable
			--	27-08-21	CRISIL AA-/Negative	25-05-20	CRISIL AA-/Negative	02-08-19	CRISIL AA/Negative	19-03-18	CRISIL AA/Stable	--
			--	02-08-21	CRISIL AA-/Negative		--	20-07-19	CRISIL AA/Negative		--	--
Commercial Paper	ST	250.0	CRISIL A1+	24-09-21	CRISIL A1+	07-09-20	CRISIL A1+	04-10-19	CRISIL A1+	30-08-18	CRISIL A1+	--
			--	27-08-21	CRISIL A1+	25-05-20	CRISIL A1+	02-08-19	CRISIL A1+	19-03-18	CRISIL A1+	--
			--	02-08-21	CRISIL A1+		--	20-07-19	CRISIL A1+		--	--
Non Convertible Debentures	LT	1280.0	CRISIL AA-/Negative	24-09-21	CRISIL AA-/Negative	07-09-20	CRISIL AA-/Negative	04-10-19	CRISIL AA-/Stable	30-08-18	CRISIL AA/Stable	CRISIL AA/Stable
			--	27-08-21	CRISIL AA-/Negative	25-05-20	CRISIL AA-/Negative	02-08-19	CRISIL AA/Negative	19-03-18	CRISIL AA/Stable	--
			--	02-08-21	CRISIL AA-/Negative		--	20-07-19	CRISIL AA/Negative		--	--
Short Term Debt	ST		--		--		--		--		--	CRISIL A1+
Short Term Debt (Including Commercial Paper)	ST		--		--		--		--		--	CRISIL A1+
Subordinated Debt	LT		--	02-08-21	CRISIL AA-/Negative	07-09-20	CRISIL AA-/Negative	04-10-19	CRISIL AA-/Stable	30-08-18	CRISIL AA/Stable	CRISIL AA/Stable
			--		--	25-05-20	CRISIL AA-/Negative	02-08-19	CRISIL AA/Negative	19-03-18	CRISIL AA/Stable	--
			--		--		--	20-07-19	CRISIL AA/Negative		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Bank Facility^	**650**	**Bank of India**	**CRISIL AA-/Negative**
Long Term Bank Facility^	**100**	**Canara Bank**	**CRISIL AA-/Negative**
Long Term Bank Facility^	**100**	**National Housing Bank**	**CRISIL AA-/Negative**
Long Term Bank Facility^	**700**	**State Bank of India**	**CRISIL AA-/Negative**
Long Term Bank Facility^	**200**	**National Housing Bank**	**CRISIL AA-/Negative**
Long Term Bank Facility^	**100**	**United Bank of India**	**CRISIL AA-/Negative**
Overdraft Facility	**25**	**Andhra Bank**	**CRISIL AA-/Negative**
Proposed Long Term Bank Loan Facility	**350**	**Not Applicable**	**CRISIL AA-/Negative**
Proposed Long Term Bank Loan Facility^	**110**	**Not Applicable**	**CRISIL AA-/Negative**

^Interchangeable between short term and long term

This Annexure has been updated on 10-Dec-2021 in line with the lender-wise facility details as on 24-Sep-2021 received from the rated entity

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
CRISILs Criteria for rating short term debt
CRISILs Criteria for Consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Pankay Rawat Media Relations **CRISIL Limited** B: +91 22 3342 3000 pankaj.rawat@crisil.com **Naireen Ahmed** Media Relations **CRISIL Limited** D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com	Krishnan Sitaraman Senior Director and Deputy Chief Ratings Officer **CRISIL Ratings Limited** D:+91 22 3342 8070 krishnan.sitaraman@crisil.com Subhasri Narayanan Director **CRISIL Ratings Limited** D:+91 22 3342 3403 subhasri.narayanan@crisil.com Niketa Amol Kalan Manager **CRISIL Ratings Limited** B:+91 22 3342 3000 Niketa.Kalan@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

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ANNEXURE B – ACUITE RATING AND RATIONALE

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Acuite
RATINGS & RESEARCH

Rating Letter - Intimation of Rating Action

Letter Issued on: December 29, 2021
Letter Expires on: December 08, 2022
Annual Fee valid till: December 08, 2022

Scan this QR Code to verify authenticity of this rating

Edelweiss Housing Finance Limited
Edelweiss Housing Finance Limited, Tower 3,
Wing B,Kohinoor City, Kohinoor City Kirol Road,
Kurla(W) Mumbai 400070

Kind Attn.: Mr. Vishal Goradia, VP Credit BG Resources (Tel. No. 981977224)

Dear Mr. Goradia,

Sub.: Rating(s) Assigned - Non Convertible Debentures of Edelweiss Housing Finance Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	500.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUITE AA	Not applicable
Outlook	Negative	Not applicable
Most recent Rating Action	Assigned	Not applicable
Date of most recent Rating Action	December 29, 2021	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité 's policies.

This letter will expire on December 08, 2022 or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit https://www.acuite.in/ OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on December 09, 2022 subject to receipt of surveillance fee as applicable. If the rating is reviewed before December 08, 2022, Acuité will issue a new rating letter.

Suman Chowdhury

Suman Chowdhury
Chief Analytical Officer

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

Annexure A. Details of the rated instrument

Bank	Facilities	Scale	Amt. (Rs. Cr)	Ratings	Rating Action
Fund Based Facilities					
Proposed Non Convertible Debentures		Long Term	500.00	ACUITE AA/ Negative	Assigned
Total Fund Based Facilities			**500.00**		
Total Facilities			**500.00**		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	Not applicable	Not applicable
Rating	Not applicable	Not applicable
Outlook	Not applicable	Not applicable

Press Release

Edelweiss Housing Finance Limited

December 29, 2021

Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non-Convertible Debentures (NCD)	500.00	ACUITE AA | Negative | Assigned	
Total	500.00	-	-

Rating Rationale

Acuité has assigned the long term rating of **'ACUITE AA' (read as ACUITE double A)** on the Rs.500.00 Cr proposed Secured Retail Non-Convertible Debentures of Edelweiss Housing Finance Limited (EHFL). The outlook is **'Negative'**.

The rating reaffirmation reflects Edelweiss Group's established track record in financial services with diversified business profile, adequate capitalization levels and comfortable liquidity profile. The rating considers the significant portion of revenue being generated through the fees and advisory services. This stream of income is steadily growing and provides stable cashflows to the overall earnings profile of the Group. The rating takes cognizance of the Group's strategic intent on downsizing its wholesale book and building its retail mortgage and SME book with focus on the co-origination model which will keep it asset light and provide granularity to loan portfolio. The rating also takes into consideration the group's demonstrated resource raising ability as depicted by monetization of their 51% stake in wealth management business for Rs.2,366 Cr., Rs.1,040 Cr. from CDPQ (Canadian Pension Fund) in the ECL Finance Limited via compulsorily convertible debentures, In the past, the Group has also raised Rs.177 Cr. from KORA Management and Rs.117 Cr. from Sanaka Capital in Edelweiss Global Investment Advisors (EGIA) via compulsory convertible preference shares. PAG's stake in wealth management business increased to 61% post acquisition of stake of KORA Management and Sanaka Capital with balance 39% held by Edelweiss Group. Recently, Edelweiss Group raised its stake to 44.16% with PAG's stake now at 55.84%. Acuité takes note of announcement by the Group in July 2021 of stake sale of 70%, subject to regulatory approvals, in its insurance broking business to existing investor, Gallagher Insurance for consideration of ~Rs.308 Cr. Pursuant to this deal, Gallagher Insurance will have complete ownership of this business.

The rating is partially offset by moderate profitability with profit after tax (excluding minority interest) of Rs.254 Cr. during FY2021 driven by one time gain of about Rs.1,400 Cr. on sale of majority stake in wealth management business to PAG (loss of Rs.2,044 Cr. (excluding minority interest) in FY2020) coupled with declining loan book (Rs.12,328 Cr. (excluding Loan Against Securities portfolio forming part of wealth management business) as on September 30,2021 as against Rs.14,059 Cr. (excluding Loan Against Securities portfolio forming part of wealth management business) as on March 31,2021) and subdued asset quality (GNPA of 7.73% as on March 31,2021 as against 5.3% as of March 31,2020). The GNPA stood at 4.5% as on September 30,2021. Furthermore, high concentration in wholesale Credit(Top 20 borrowers accounting for about 29% of overall loan book as on September 30,2021, particularly exposure to real estate developers may build up further pressure on asset quality in the challenging external environment. Acuité takes note of group's strategic focus on reducing its wholesale book through sale of assets to Asset Reconstruction companies including EARCL and AIFs. In this regard, in FY2020, the group launched a USD 425mn corpus last mile Real Estate Financing AIF in partnership with South Korean financial conglomerate Meritz Financial Group, of which one tranche of USD 240mn has already been concluded.

Acuité believes that the ability to curtail asset quality risks in credit business whilst demonstrating sustainable improvement in profitability along with sustainable growth in SME portfolio in the evolving operating environment would remain key rating monitorables.

About the company

Incorporated in Mumbai, Edelweiss Housing Finance Limited (EHFL) is a housing company that commenced its operations in 2010. The company is a subsidiary of Edelweiss Group and is engaged in providing home loans and Loan Against Propoerty (LAP) to customers from all the income segments.

About the Group

Headquartered in Mumbai, Edelweiss Financial Services Limited (EFSL), the holding company of Edelweiss Group, was incorporated in 1995 and has diversified its line of operations across various fund based and non-fund based businesses. Edelweiss Group is promoted by Mr. Rashesh Shah and Mr. Venkat Ramaswamy and offers a bouquet of financial services to a diversified client base across domestic and global geographies. Its key line of business includes; Credit (retail and corporate), Asset Management, Asset Reconstruction, Insurance (life and general) and Wealth management including Capital Markets. The Edelweiss Group comprises Edelweiss Financial Services Limited, 45 subsidiaries, 1 associate and 76 trusts for FY2021. Post divestment of significant stake in wealth management business, the number of subsidiaries and assocate companies have changed.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.

Analytical Approach

Acuité has adopted a consolidated approach on Edelweiss Financial Services Limited (EFSL) along with its 45 subsidiaries, 1 associate (for list of subsidiaries and associate refer Annexure I) and 76 trusts for FY2021, collectively referred to as 'Edelweiss group'. The approach is driven by common promoters, shared brand name, significant operational and financial synergies between the companies. Acuité has rated secured NCDs as well as perpetual NCDs issued by Edelweiss group companies. It is pertinent to note that, Unsecured Subordinated Non-Convertible Debentures (i.e. Perpetual NCDs) are rated at a lower level vis-à-vis the regular secured debt instruments. This is in view of the significant loss absorption characteristics associated with these perpetual instruments. The issuer may be required to skip/defer the coupon/interest payment in case of certain events such as decline in CAR below regulatory thresholds.

Extent of consolidation: Full

Key Rating Drivers

Strength

Strong parentage and diversified product offerings

Edelweiss Group is promoted by Mr. Rashesh Shah and Mr. Venkat Ramaswamy, who are seasoned professionals in the financial services industry with over two decades of experience. The promoters are supported by experienced professionals who are into financing, wealth, and asset management businesses. The group has a diverse business profile in financial services with presence in segments such as retail credit (including agri-finance), wholesale lending, warehousing services, asset reconstruction, asset management, wealth management and capital market including stock broking and insurance business. The various verticals of the group as mentioned above are now under the following broad categories i.e. Credit (retail and corporate), Asset Management, Asset Reconstruction, Insurance (life and general) and Wealth management including Capital Markets. The Group had consolidated loan book of Rs 12,328 Cr. (excluding Loan Against Securities portfolio which used to form part of wealth management business) as on September 30,2021 as against 14,059 Cr. (excluding Loan Against Securities portfolio which used to form part of wealth management business) as on March 31,2021, of which retail credit was Rs.5.768 Cr. (Rs.6,813 as on March 31,2021) and wholesale credit at Rs.6,560 Cr. as on September 30,2021 (Rs.7,246 Cr. as on March 31,2021). The wholesale segment comprised loans to realtors and structured Credit. The Group has been attempting to gradually increase its exposure to retail segment and is in talks with multiple banks for lending under co-origination model. It has taken several steps to reduce its exposure to the wholesale segment and reorient the portfolio toward small and mid-corporate lending segments. Besides the fund-based activities, Edelweiss Group also has an established franchise in the capital market related business across corporate finance and advisory domains including broking, investment banking, wealth management, and asset management. The group has completed sale of its majority stake in wealth management business to PAG. As on March 31, 2021, the group had customer assets of about Rs.280,800 Cr. under the advisory vertical (about Rs.207,700 Cr. as on March 31,2020). Most of the businesses of the group present significant synergies amongst themselves and growth potential both on the assets and liabilities side. The access to a pool of HNIs can be leveraged to create fund-based structures which can be utilized to support the AUM growth of the group. Acuité believes Edelweiss group's established position in financial services and diversified range of fee and fund-based product offerings will continue to support its business risk profile.

Diversified funding profile

The group's financial flexibility is supported by its demonstrated ability to mobilise resources from diversified set of investors across domestic banks, Institutional investors and lenders, foreign investors and domestic retail investors amongst others. The Group has attracted investments from reputed international investors such as CDPQ (Caisse de dépôt et placement du Québec), and PAG Asia. In the past, the Group also raised capital from KORA Management and Sanaka Capital. In July 2021, the Group announced stake sale of 70%, subject to regulatory approvals, in its insurance broking business to existing investor, Gallagher Insurance for consideration of ~Rs.308 Cr. Pursuant to this deal, Gallagher Insurance will have complete ownership of this business. Of the total borrowings (excluding asset backed borrowings and equity convertible instruments)of Rs.25,695 Cr. As on March 31,2021, 43% is being funded through banks, 26% through retail investors, 11% by mutual funds, and the balance 20% mainly through FIs, PFs, and Insurance. As on September 30, 2021, borrowings stood at Rs.24,775 Cr. and proportion of funding from retail investors rose to 31%. The Group's NCD issuances targeted at the retail investor have been well accepted in the markets, which has helped the Group in increasing its retail funding to Rs.7,680 Cr. (31%) as on September 30, 2021 as against Rs.5,371 Cr. (11%) as on March 31, 2018. The Group also has large institutional client base in its various its funds such as distressed Credit fund, Real estate Credit Fund, Structured debt fund and Infrastructure Fund. The group has also demonstrated its ability to support chunky real estate projects with a need for completion funding by setting up an AIF with South Korea based Meritz Group with a corpus of USD 425 million. Acuité expects the Group to continue to benefit from diversified funding mix across domestic banks, Institutional investors and lenders, foreign investors and domestic retail investors amongst others.

Adequate gearing levels and liquidity buffer

The Group's networth (including compulsorily convertible debentures and excluding minority interest) stood at Rs.7443 Cr. as on March 31,2021 (Rs.7233 Cr. as on March 31, 2020). The improvement in the networth was mainly on account of profits reported for FY2021 led by one time gain reported on sale of majority stake in wealth management business. Concomitantly, capital adequacy of the Group improved to 21.50% as on March 31,2021 (20.76 % as on March 31, 2020). The capital adequacy stood at 20.85% as on June 30,2021. The group further reduced its borrowings (excluding asset backed borrowings) to Rs.25695 Cr. as on March 31,2021 as against Rs.33754 Cr. as on March 31,2020 (Rs.45217 Cr. as on March 31,2019) translating into improved gearing ratio (reported borrowings/networth) of 3.5 times as on March 31,2021 from 4.7 times as on March 31,2020 (5.9 times as on March 31,2019). The gearing ratio (reported borrowings/networth) stood at 3.31 times as on September 30,2021. Further, the Group continued to maintain adequate liquidity buffer over this period and reported liquidity of Rs.5,750 Cr. as on October 31,2021 comprising Rs.5,450 Cr. of overnight liquidable and treasury assets and Rs.300 Cr. in bank lines.

Weakness

Moderation in profitability indicators

The Group reported moderate profitability for FY2021 with profit after tax (excluding minority interest) of Rs.254 Cr. (loss (excluding minority interest) of Rs.2,044 Cr. in FY2020) driven by one time gain of ~Rs.1,400 Cr. reported on sale of majority stake in wealth management business to PAG. Credit costs, though elevated, reduced to Rs.2,073 Cr. during FY2021 from Rs.3562 Cr. during FY2020. The future trend in Credit costs will be linked to the fresh slippages in both the segments i.e. retail as well as wholesale segments. The cost to income ratios (exinsurance) for FY2021 remained stable vis-à-vis FY2020 levels at 56%. Furthermore, NIMs declined to 0.77% of average earning assets in FY2020 as against 3.03% of average earning assets in FY2020 due to degrowth in loan book resulting in decline in interest income along with higher cost of funds due to negative carry of higher liquidity. The Group reported profit after tax (excluding minority interest and including share in associate's profit) of Rs.25 Cr. on total income of Rs.1649 Cr. for Q1FY2022. Acuité notes that the loss of revenues from the wealth management business in the light of its majority stake sale is expected to impact future profitability. Acuité also takes notes of several measures taken by the Group to rationalize cost and improve profitability including co-origination model for building retail portfolio which is expected to reflect in coming quarters. Acuité believes that Group's ability to sustain improvement in earnings profile in the current operating environment coupled with the intense competition in the retail segment will be key rating monitorable.

Subdued asset quality

Edelweiss Group's key product offerings are spread across two segments i.e. retail segments and wholesale segments. The retail segment (47% of the loan book as on September 30,2021) comprises housing finance, Loan against Property, Construction finance, SME loans, Loan against Securities while the wholesale segment (53% of the loan book as on September 30,2021) comprises Structured Collateralized Credit and Real Estate financing. The Group had loan book of Rs.12,328 Cr. (excluding Loan Against Securities portfolio forming part of wealth management business) as on September 30,2021 against Rs.14,059 Cr. (excluding Loan Against Securities portfolio forming part of wealth management business) as on March 31,2021 and Rs.21,032 Cr. as on March 31, 2020. The decline in the loan book is primarily driven by the management's strategic decision to consciously scale down the exposure to the wholesale segment with early signs of pick-up in disbursements seen in the retail segment. While there is decline in loan book, the asset quality witnessed positive traction with the Group's Gross NPAs (GNPAs) at Rs.622 Cr. (4.5% of loan assets) as on September 30, 2021 as against Rs.1182 Cr. (7.7% of loan assets) as on March 31, 2021 with retail segment at Rs.247 Cr.(3.5% as on September 30,2021) as against Rs.316 Cr. (3.9% as on March 31,2021) and wholesale at Rs.375 Cr. (5.7% as on September 30,2021) as against Rs.866 Cr. (12.0% as on March 31,2021). As on September 30, 2021, top 20 exposures accounted for ~29% of the overall loan book. The group's wholesale segment mostly comprises exposures to real estate developers for their projects. The cash flows of these realtors and the quality of these exposures is linked to the revival in the real estate cycle. The group has already initiated steps to prune its exposure to the wholesale segment through various initiatives such as slowing down fresh sanctions and sell down of existing assets to dedicated funds and ARCs. In FY2020, the group launched a USD 425mn corpus last mile Real Estate Financing AIF in partnership with South Korean financial conglomerate Meritz Financial Group. The first tranche of the USD 240 million corpus is completed. Edelweiss holds 30% stake in this fund and the remaining is held by Meritz Financial Group, a Seoul headquartered conglomerate. Since the group has decided to curtail its exposure to wholesale segment, the retail products like retail mortgage, SME lending, LAS along with smaller ticket lending to mid corporates under the coorigination model with banks are expected to be the drivers of future growth. In the retail segment, SME loans and retail mortgage comprise the key products contributing to ~45% of the overall loan book as on September 30, 2021. The retail portfolio is relatively more granular with a median ticket size of ~1 Cr. for secured SME loan, Rs.15 lakhs for housing loan and 19 lakhs for LAP. With the increasing focus on relatively less risky retail segment, the portfolio is expected to be more granular going forward. Acuité believes that the Group's ability to attain any significant improvement in asset quality amidst current economic environment will remain a key rating sensitivity.

ESG Factors Relevant for Rating

Edelweiss Group offers a bouquet of financial services to a diversified client base across domestic and global geographies. The Group has presence in segments such as retail credit (including agri-finance), wholesale lending, warehousing services, asset reconstruction, asset management, wealth management and capital market including stock broking and insurance business.Adoption and upkeep of strong business ethics is a sensitive material issue for the financial services business linked to capital markets to avoid fraud, insider trading and other anti-competitive behaviour. Other important governance issues relevant for the industry include management and board compensation, board independence as well as diversity, shareholder rights and role of audit committee. As regards the social factors, product or service quality has high materiality so as to minimise misinformation about the products to the customers and reduce reputational risks. For the industry, retention, and development of skilled manpower along with equal opportunity for employees is crucial. While data security is highly relevant due to company's access to confidential client information, social initiatives such as enhancing financial literacy and improving financial inclusion are fairly important for the financial services sector. The material of environmental factors is low for this industry.

Edelweiss Group's board comprises of eleven directors with two women directors. Of the total eleven directors, six are independent directors. The Group maintains adequate disclosures for business ethics which can be inferred from its policies relating to code of conduct, whistle blower protection and related party transactions. The Group has formed a Risk Committee with four out of five members being independent directors for among other things, identifying and evaluating risks and development, implementing and tracking risk management efforts. All the members of Audit Committee are independent directors. For redressal of grievances of the security holders, it has constituted a Stakeholders' Relationship Committee. The Group also has a committee for appointment, remuneration and performance evaluation of the Board. On the social aspect, the Group has taken development and training initiatives towards career development of its employees. The Group has put in place data privacy policy to ensure adequate safeguards for collection, storage and processing of personal and sensitive information and data of customers and third parties. Further, the Group has set up EdelGive foundation, a grant-making foundation which is funding and supporting the growth of small to mid-sized grassroots NGOs committed to empowering vulnerable children, women, and communities. Over the last 13 years, EdelGive has supported over 150 organizations across 111 districts in 14 states of India.

Rating Sensitivity

- Lower than expected growth in AUM
- Significant spike in Credit costs translating into material reduction in profitability and capital adequacy
- Higher than expected asset quality pressures
- Changes in Regulatory environment
- Significant capital infusion

Material Covenants

Edelweiss Group is subject to covenants stipulated by its lenders/investors in respect of various parameters like capital structure, asset quality among others. As per confirmation received from the Group vide mail dated December 20,2021, 'the Group is adhering to all terms and conditions stipulated as covenants by all its lenders/investors.'

Liquidity Position: Adequate

EFSL's liquidity profile is supported by the group's centralised treasury operations and adequate liquidity position. The group has demonstrated the ability to raise medium to long term funding from banks/capital markets which should support the Group's ability to plug any possible mismatches. The Group's liquidity profile is supported by funding from diversified base i.e. banks and financial institutions along with capital market instruments like CBLO borrowings, Commercial Papers and NCDs. The Group on a consolidated basis had maintained liquidity buffers of Rs.5,750 Cr. (includes bank lines of Rs.300 Cr.) as on September 30, 2021.

Outlook: Negative

Acuité believes that the Edelweiss Group's Credit profile will continue to face pressures over the near to medium term on account of the deterioration of asset quality and profitability. The weakness in the operating environment and a slower than expected economic revival across the country can impinge on the near term performance. Acuité will be closely monitoring the performance of the Group and any further impairment in asset quality or reduction of profitability will impart a strong negative bias to the rating. The outlook may be revised to Stable in case Edelweiss Group is able to demonstrate significant and sustained improvement in asset quality and profitability

Key Financials - Standalone / Originator

	Unit	FY21 (Actual)	FY20 (Actual)
Total Assets	Rs. Cr.	4931.10	5048.70
Total Income*	Rs. Cr.	149.25	168.99
PAT	Rs. Cr.	3.73	1.56
Net Worth	Rs. Cr.	762.79	769.07
Return on Average Assets (RoAA)	(%)	0.07	0.03
Return on Average Net Worth(RoNW)	(%)	0.49	0.2
Total Debt/Tangible Net Worth (Gearing)	Times	4.64	5.02
Gross NPA	(%)	3.50	1.74
Net NPA	(%)	3.15	1.49

**Total income equals to Total Income net off interest expense*

Ratios as per Acuité calculations

EFSL- Key Financials (Consolidated)

	Unit	FY21 (Actual)	FY20 (Actual)
Total Assets	Rs. Cr.	45,016	53,324
Total Income*	Rs. Cr.	7,015	4,810
PAT (excluding minority interest)	Rs. Cr.	254	(2,044)
Net Worth (including compulsorily convertible debentures and excluding minority interest)	Rs. Cr.	7,443	7,233
Return on Average Assets (RoAA)		0.52	(3.48)

	(%)		
Return on Average Net Worth(RoNW)	(%)	3.47	(27.46)
Total Debt/Tangible Net Worth (Gearing)	Times	3.7	4.9
Gross NPA	(%)	7.73	5.30
Net NPA	(%)	4.10	4.10

Total income equals to Total Income net off interest expense
Ratios as per Acuité calculations

Status of non-cooperation with previous CRA (if applicable):
None

Any other information
None

Applicable Criteria
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
• Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
• Non-Banking Financing Entities: https://www.acuite.in/view-rating-criteria-44.htm

Note on complexity levels of the rated instrument
https://www.acuite.in/view-rating-criteria-55.htm

Rating History

Date	Name of Istruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Aug 2019	Proposed Non Convertible Debentures	Long Term	100.00	ACUITE AA+ (Withdrawn)
03 Aug 2018	Proposed Non Convertible Debentures	Long Term	100.00	ACUITE AA+ | Stable (Reaffirmed)
16 Aug 2017	Proposed Non Convertible Debentures	Long Term	100.00	ACUITE AA+ | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Secured Retail Non-Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	500.00	ACUITE AA | Negative | Assigned

Annexure I : The following subsidiaries and associate company of EFSL have been considered for consolidation: As on March 31, 2021

Sr.No.	Name of Entity	Relationship with EFSL
1	Edelweiss Finance & Investments Limited	Subsidiary
2	ECL Finance Limited	Subsidiary
3	Edelweiss Global Wealth Management Limited (upto March 26,2021)	Subsidiary
4	Edelweiss Gallagher Insurance Brokers Limited	Subsidiary
5	Edelweiss Trustee Services Limited	Subsidiary
6	Edelcap Securities Limited	Subsidiary
7	Edelweiss Asset Management Limited	Subsidiary
8	Ecap Equities Limited	Subsidiary
9	Edelweiss Broking Limited (upto March 26,2021)	Subsidiary
10	Edelweiss Trusteeship Company Limited	Subsidiary
11	Edelweiss Housing Finance Limited	Subsidiary
12	Edelweiss Investment Adviser Limited	Subsidiary
13	EC Commodity Limited	Subsidiary
14	Edel Land Limited	Subsidiary
15	Edelweiss Custodial Services Limited (upto March 26,2021)	Subsidiary
16	Edel Investments Limited	Subsidiary
17	Edelweiss Rural & Corporate Services Limited	Subsidiary
18	Edelweiss Comtrade Limited	Subsidiary
19	Edel Finance Company Limited	Subsidiary
20	Edelweiss Retail Finance Limited	Subsidiary
21	Edelweiss Multi Strategy Fund Advisors LLP	Subsidiary
22	Edelweiss Resolution Advisors LLP	Subsidiary
23	Edelweiss General Insurance Company	Subsidiary
24	Edelweiss Securities (IFSC) Limited (upto March 26,2021)	Subsidiary
25	Edelweiss Securities Limited (upto March 26,2021)	Subsidiary
26	Edelweiss Securities (Hong Kong) Private Limited (upto March 26,2021)	Subsidiary
27	EC International Limited	Subsidiary
28	EAAA LLC	Subsidiary
29	Edelweiss Capital (Singapore) Pte. Limited (upto December 23,2020)	Subsidiary
30	Edelweiss Alternative Asset Advisors Pte. Limited	Subsidiary
31	Edelweiss International (Singapore) Pte. Limited	Subsidiary
32	Edelweiss Investment Advisors Private Limited (upto March 26,2021)	Subsidiary
33	Arhs Commodities DMCC	Subsidiary

	March 26,2021)	
35	Edelweiss Financial Services Inc. (upto March 26,2021)	Subsidiary
36	Edelweiss Alternative Asset Advisors Limited	Subsidiary
37	Edelgive Foundation	Subsidiary
38	Lichen Metals Private Limited (upto March 30,2021)	Subsidiary
39	Edelweiss Private Equity Tech Fund	Subsidiary
40	Edelweiss Value and Growth Fund	Subsidiary
41	Edelweiss Asset Reconstruction Company Limited	Subsidiary
42	EW Special Opportunities Advisors LLC	Subsidiary
43	Edelweiss Tokio Life Insurance Company Limited	Subsidiary
44	Allium Finance Private Limited	Subsidiary
45	ESL Securities Limited (upto March 26,2021)	Subsidiary
46	Edelweiss Securities Limited (from March 27,2021)	Associate

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294041 mohit.jain@acuite.in Shrey Khandelwal Senior Analyst-Rating Operations Tel: 022-49294065 shrey.khandelwal@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8,850 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

ANNEXURE C – DEBENTURE TRUSTEE CONSENT LETTER

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Consent letter from the Debenture Trustee to the Issue

Ref no: 18436/BTL/OPR/2021-22
Date: 29th December 2021

Edelweiss Housing Finance Limited
Edelweiss House,
Off. C.S.T Road,
Kalina, Mumbai
Maharashtra, 400098

Dear Ma'am/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") for an amount up to ₹ 150 crore ("Base Issue"), with an option to retain over-subscription up to ₹ 150 crore, aggregating up to ₹ 300 crore ("Issue") of Edelweiss Housing Finance Limited ("Company" or "Issuer").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with the BSE Limited and/or National Stock Exchange of India Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Mumbai ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	Beacon Trusteeship Limited
Address:	4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai- 400 051.
CIN:	U74999MH2015PLC271288
Tel:	022-26558759
Fax:	-
Email:	Compliance@beacontrustee.co.in
Investor Grievance Email:	investorgrievances@beacontrustee.co.in
Website:	www.beacontrustee.co.in
Contact Person:	Mr. Kaustubh Kulkarni
SEBI Registration No:	IND000000569
Logo:	BEACON TRUSTEESHIP

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we have not been prohibited to act as a debenture trustee by the SEBI.

We hereby authorise you to deliver 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/statutory authorities as required by law.

We also agree to keep strictly confidential, 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.

We confirm that we will immediately inform the Company and the Lead Manager of any change to the above information until the date when the proposed Public Issue of NCDs commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal advisor to the Issue in respect of the Issue.

Sincerely

For **Beacon Trusteeship Limited**

Beacon Trusteeship Limited

Deepavali

Authorised Signatory
Name: Ms. Deepavali Vankalu
Designation: Asst. Vice President - Operation

CC:

Lead Manager to the Issue

Equirus Capital Private Limited
12th Floor, C Wing
Marathon Futurex
N.M. Joshi Marg
Lower Parel, Mumbai 400 013
Maharashtra, India.

Edelweiss Financial Services Limited
Edelweiss House,
Off CST Road
Kalina, Mumbai 400 098
Maharashtra, India

Legal Counsel to the Issue

Khaitan & Co
One World Centre
10th & 13th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000270

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियम और विनियमों के साथ पठित इस 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

BEACON TRUSTEESHIP LIMITED
4C & D, SIDDHIVINAYAK CHAMBERS,
GANDHI NAGAR, OPP. MIG CRICKET CLUB,
BANDRA EAST, MUMBAI - 400051
MAHARASHTRA, INDIA

को नियमों में, शर्तों के अधीन रहते 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 कूट है।

2) Registration Code for the debenture trustee is **IND000000569**

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **Mumbai**

तारीख Date : **February 12, 2021**

ANUPMA CHADHA
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

BEACON TRUSTEESHIP

Annexure B

Date: 29th December 2021

Edelweiss Housing Finance Limited
Edelweiss House,
Off. C.S.T Road,
Kalina, Mumbai
Maharashtra, 400098

Dear Ma'am/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") for an amount up to ₹ 150 crore ("Base Issue"), with an option to retain over-subscription up to ₹ 150 crore, aggregating up to ₹ 300 crore ("Issue") of Edelweiss Housing Finance Limited ("Company" or "Issuer").

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 is true and correct:

1.	Registration Number	IND000000569
2.	Date of registration/ Renewal of registration	April 11, 2016 / February 12, 2021
3.	Date of expiry of registration	Permanent
4.	If applied for renewal, date of application	NIL
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
6.	Any enquiry/ investigation being conducted by SEBI	NIL
7.	Details of any penalty imposed by SEBI	NIL

We hereby enclose a copy of our SEBI registration certificate.

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 relevant Stock Exchange. In the absence of any such communication the listing and trading of the non-convertible debentures on the relevant Stock Exchange.

For **Beacon Trusteeship Limited**

Beacon Trusteeship Limited

Authorised Signatory
Name: Ms. Deepavali Vankalu
Designation: Asst. Vice President – Operation

ANNEXURE D - LATEST ALM STATEMENT

(₹ in million)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	720.68	563.76	811.57	1,772.24	4,172.25	10,529.42	2,220.20	15,663.51	36,453.62
Investments	65.73	-	-	90.11	-	-	-	1,600.86	1,756.70
Borrowings	1,416.00	687.13	2,495.75	2,403.37	6,311.58	12,986.80	2,542.56	5,970.55	34,813.73
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-