

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (I) “QUALIFIED INSTITUTIONAL BUYERS” (“QIBS”) AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR (II) PURCHASING THE NOTES IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND PURSUANT TO, REGULATION S OF THE SECURITIES ACT (“REGULATION S”) AND, IN CERTAIN CIRCUMSTANCES, ARE NON-U.S. PERSONS (AS DEFINED IN REGULATION S).

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “**Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF THE NOTES FOR SALE IN THE UNITED STATES (EXCEPT TO QIBS) OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTIONS AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR, IN CERTAIN CIRCUMSTANCES, 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 OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: By accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that you and any customers you represent are either (a) QIBs or (b) purchasing the securities outside the United States in an “**offshore transaction**” as defined in, and in reliance on, Regulation S and, in certain circumstances, are non-U.S. persons as defined in Regulation S, and that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States, and (2) that you consent to the delivery of this Offering Circular by electronic transmission.

Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering a “**CMI Offering**”), including certain Dealers, may be “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Hong Kong SFC Code of Conduct for Persons Licensed by or Registered with the Hong Kong Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Circular to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of our Company in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers (as defined in the Offering Circular) nor any person who controls each of them nor any director, officer, employee nor agent of each of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format available to you on request from the Dealers.

In accordance with applicable provisions of Indian regulations, persons who meet the “**Eligibility Requirements**” are persons who are: (A) (i) non-resident investors that are residents of jurisdictions that are Financial Action Task Force (“**FATF**”) or International Organization of Securities Commission’s

("IOSCO") compliant; (ii) multilateral and regional financial institutions where India is a member country; (iii) individuals that are residents of FATF or IOSCO compliant jurisdictions who are foreign equity holders or for subscription to bonds/debentures listed outside India; and (iv) foreign branches or subsidiaries of banks incorporated in India (except that: (a) such foreign branches or subsidiaries of Indian banks can only subscribe to Notes denominated in freely convertible currency other than INR; (b) such foreign branches or subsidiaries of Indian banks are not permitted to purchase or hold Rupee denominated Notes except in the capacity of an arranger, an underwriter, a market-maker or trader, subject to applicable prudential norms; and (c) such foreign branches or subsidiaries of Indian banks are not permitted to purchase or hold Notes which fall within the categories mentioned in (b) to (e) of serial number V of paragraph 2.1 of Part I of the Master Directions on External Commercial Borrowings, Trade Credits and Structured Obligations issued by RBI vide notification no. RBI/FED/2018-19/67 FED Master Direction No.5/ 2018-19 dated March 26, 2019, as amended from time to time ("ECB Directions")); and (B) in compliance with all other conditions set out in respect of eligible investors under the ECB Directions and any other applicable regulations, notifications, circulars or guidelines issued by the authorities in India in respect of foreign currency denominated External Commercial Borrowings ("ECBs") and are not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. Additionally, the Notes should have a minimum average maturity period of 3 (Three) years under the ECB Directions (other than in case of: (i) manufacturing sector companies which may raise ECBs with a minimum average maturity period of one year for ECB up to U.S.\$50.00 million or its equivalent per fiscal year; (ii) ECB from foreign equity holders with a minimum average maturity of five years, provided that the proceeds are proposed to be utilized for working capital purposes, general corporate purposes or repayment of Rupee loans; (iii) ECB raised for working capital purposes, general corporate purposes or on-lending by NBFCs for working capital purposes or general corporate purposes which are required to have a minimum average maturity of 10 years; (iv) ECB raised for repayment of Rupee loans availed domestically for capital expenditure or on-lending by NBFC for the same purpose which are required to have a minimum average maturity of seven years; and (v) ECB raised for repayment of Rupee loans availed domestically for purposes other than capital expenditure or on-lending by NBFCs for the same purpose which are required to have a minimum average maturity of 10 years). Furthermore, the proceeds of issuance of Notes will not be used for: (A) real estate activities; (B) investing in the capital markets; (C) equity investments; (D) payment of interest/charges of the ECB; (E) working capital purposes (except as mentioned in (ii) and (iii) of the preceding statement); (F) general corporate purposes (except as mentioned in (ii) and (iii) of the preceding statement); (G) repayment of rupee loans (except as mentioned in (iv) and (v) of the preceding statement); or (H) on-lending to entities for the aforesaid activities (except as mentioned in (iii), (iv) and (v) of the preceding statement). Finally, the Notes together with any other external commercial borrowings raised by the Issuer pursuant to the ECB Directions do not exceed the limits under the automatic route and under the RBI ECB Limits Approval (as defined in the Offering Circular).

The Offering Circular has not been and will not be filed, produced or made available to all as an offer document (whether as a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with the Registrar of Companies of India ("RoC") or the Securities and Exchange Board of India ("SEBI") or any other statutory or regulatory body of like nature in India, save and except for any information from any part of the Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or pursuant to the sanction of any regulatory and adjudicatory body in India.

In addition, holders and beneficial owners shall be responsible for compliance with the restrictions on the ownership of the Notes denominated in INR or any other currency as may be applicable imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes denominated in INR or any other currency as may be applicable shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes denominated in INR or any other currency as may be applicable under applicable laws and regulations and are not prohibited under any applicable law or regulation from

acquiring, owning or selling the Notes denominated in INR or any other currency as may be applicable. Potential investors should seek independent advice and verify compliance with the Eligibility Requirements prior to any purchase of the Notes.

The holders and beneficial owners of Notes denominated in INR or any other currency as may be applicable shall be deemed to confirm that for so long as they hold any Notes subscribed to by them, they will meet the Eligibility Requirements. Furthermore, all Noteholders represent and agree that the Notes denominated in INR or any other currency as may be applicable will not be offered or sold on the secondary market to any person who does not comply with the Eligibility Requirements.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR



Shriram Finance Limited

(incorporated with limited liability in the Republic of India)

U.S.\$3,500,000,000 Global Medium Term Note Programme

On February 22, 2018, Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited ("STFC") and referred to herein as the "Issuer", "SFL" or the "Company") established an INR 50,000,000,000 Medium Term Note Programme (the "Programme," as amended, supplemented or restated) and prepared an offering circular dated February 22, 2018. Further offering circulars were issued on February 13, 2019 pursuant to an update of the Programme, on April 5, 2019 pursuant to a conversion of the Programme to a U.S.\$2,000,000,000 Global Medium Term Note Programme, on December 27, 2019 pursuant to an update of the Programme to a U.S.\$3,000,000,000 Global Medium Term Note Programme, on December 24, 2020 pursuant to an update of the Programme, on January 4, 2022 pursuant to an update of the Programme, on March 23, 2023 pursuant to an update of the Programme and on December 29, 2023 pursuant to an update of the Programme. This Offering Circular further updates the Programme and supersedes any previous offering circular describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular. Under this Programme, the Company may from time to time issue notes (the "Notes") denominated in INR or any other currency agreed between us and the relevant Dealer (as defined below) and as approved by the Board of Directors of our Company and as permitted by applicable Indian law.

Notes may be issued in bearer or registered form (respectively, "Bearer Notes" and "Registered Notes"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$3,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to any increases as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by us (each, a "Dealer" and together, the "Dealers"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the Programme or such Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between us and the relevant Dealer. We may also issue unlisted Notes. Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear Bank SA/NV ("Euroclear"), Clearstream Banking S.A. ("Clearstream") and/or The Depository Trust Company ("DTC"). We may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the terms and conditions of the Notes herein (the "Terms and Conditions of the Notes"), in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

See "Risk Factors" and "Terms and Conditions of the Notes" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Each Tranche of Bearer Notes of each series (as defined in "Form of the Notes") will initially be represented by either a temporary bearer global note (a "Temporary Bearer Global Note") or a permanent bearer global note (a "Permanent Bearer Global Note" and, together with a Temporary Bearer Global Note, the "Bearer Global Notes," and each a "Bearer Global Note") as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the "Common Depository") for Euroclear and Clearstream. On and after the date (the "Exchange Date") which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series. The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable for definitive Bearer Notes in certain limited circumstances.

Registered Notes of each Tranche sold in an "offshore transaction" as defined in Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), which will be sold outside the United States (the "U.S.") and, in certain circumstances, only to non-U.S. persons (as defined in Regulation S), will initially be represented by a global note in registered form, without receipts or coupons, (a "Regulation S Global Note") and Registered Notes of each Tranche sold in the U.S. to qualified institutional buyers ("QIBs") (as defined in, and in reliance on, Rule 144A under the Securities Act ("Rule 144A")) will be represented by a global note in registered form, without receipts or interest coupons (a "Rule 144A Global Note" and, together with a Regulation S Global Note, the "Registered Global Notes," and each a "Registered Global Note") and, in each case, deposited with a common depository for Euroclear and Clearstream, and registered in the name of a nominee of such common depository, or deposited with a custodian for, and registered in the name of, a nominee of DTC. Prior to the expiry of the distribution compliance period (as defined in Regulation S) (the "Distribution Compliance Period") (if any) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person, save as otherwise provided for in the Terms and Conditions of the Notes and may not be held otherwise than through Euroclear, Clearstream or DTC.

For Indian regulatory purposes, Rupee (INR) denominated Notes issued under this Programme constitute "Rupee denominated bonds issued overseas" under the Master Directions on External Commercial Borrowings, Trade Credits and Structured Obligations issued by the Reserve Bank of India ("RBI") vide notification no. RBI/FED/2018-19/67 FED Master Direction No.5/ 2018-19 dated March 26, 2019, as amended from time to time, and any other applicable regulations, notifications, circulars or guidelines issued by the authorities in India in respect of Rupee denominated bonds issued overseas. Any bonds denominated in any currency other than INR will constitute "Foreign currency denominated ECB" under the Master Directions on External Commercial Borrowings, Trade Credits and Structured Obligations issued by RBI vide notification no. RBI/FED/2018-19/67 FED Master Direction No.5/ 2018-19 dated March 26, 2019, as amended from time to time and any other applicable regulations, notifications, circulars or guidelines issued by the authorities in India in respect of foreign currency denominated ECBs.

If you purchase any of the Notes denominated in INR or any other currency as may be applicable, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase such Notes under applicable laws and regulations and that you are in compliance of the Eligibility Requirements and you are not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. The Notes denominated in INR or any other currency as may be applicable may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

This Offering Circular has not been and will not be filed as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 2013, as amended from time to time and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies, the Reserve Bank of India or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "Subscription and Sale."

The Notes have not been and will not be registered under the Securities Act or the securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, in certain circumstances, to U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer. See "Subscription and Sale" and "Transfer Restrictions."

Arrangers

Deutsche Bank

HSBC

Dealers

Deutsche Bank

HSBC

The date of this Offering Circular is December 31, 2024

We accept responsibility for the information contained in this Offering Circular. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances under which they were made, misleading. We, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information which is material in the context of the Programme and the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. We accept responsibility accordingly.

Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Terms and Conditions of the Notes**” or the “**Conditions**”) as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

No person is or has been authorized by us to give any information or to make any representation other than those contained in this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made by any other person, such information or representations must not be relied upon as having been authorized by us, any of the Arrangers, the Dealers, the Trustee or the Agents.

This Offering Circular is highly confidential and has been prepared by us solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. We have not authorized its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only, and its contents may be disclosed only, to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor agrees to these restrictions.

Neither the Arrangers, the Dealers, the Trustee nor the Agents have independently verified all the information contained herein or incorporated by reference and can give no assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, neither the Arrangers nor any Dealers, or any director, officer, employee, agent or affiliate of any such persons make any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information contained or incorporated in this Offering Circular or any other information provided by us in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers or any director, officer, employee, agent or affiliate of any such persons. To the fullest extent permitted by law, neither the Arrangers nor the Dealers, nor any director, officer, employee, agent or affiliate of any such persons, accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by any of the Arrangers, the Dealers, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with us or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by us, any of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, agency or affiliate of such persons, that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of us. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation with its own tax, legal and business advisers as it deems

necessary. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of our Company, any of the Arrangers, the Dealers, the Trustee or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning us is correct at any time subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in our prospects or financial or trading position since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Trustee or the Agents expressly do not undertake to review the financial condition or affairs of our Company during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Our Company, the Arrangers, the Dealers, the Trustee and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by our Company, any of the Arrangers, the Dealers, the Trustee or the Agents which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Italy, The Netherlands, India, Singapore, Japan and Hong Kong. For more information, see “*Subscription and Sale*.”

None of our Company, the Arrangers, the Dealers, the Trustee and the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “**MiFID II Product Governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (an “**EU distributor**”) should take into consideration the target market assessment; however, an EU distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under European Union (EU) Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “**UK MiFIR Product Governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**UK distributor**”) should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000 (“**FSMA**”) with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See “*Subscription and Sale*.”

The Offering Circular is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) (“**high net worth companies, unincorporated associations etc.**”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the

meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). The Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

In connection with the offering of any series of Notes, each Dealer is acting or will act for us in connection with the offering and will not be responsible to anyone other than us for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering a “**CMI Offering**”), including certain Dealers, may be “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the SFC Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the

purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

In accordance with applicable provisions of Indian regulations, only: (i) non-resident investors that are residents of jurisdictions that are FATF or IOSCO compliant; (ii) multilateral and regional financial institutions where India is a member country; (iii) individuals that are residents of FATF or IOSCO compliant jurisdictions who are foreign equity holders or for subscription to bonds/debentures listed outside India; and (iv) foreign branches or subsidiaries of banks incorporated in India (except that: (a) such foreign branches or subsidiaries of Indian banks can only subscribe to Notes denominated in freely convertible currency other than INR; (b) such foreign branches or subsidiaries of Indian banks are not permitted to purchase or hold Rupee denominated Notes except in the capacity of an arranger, an underwriter, a market-maker or trader, subject to applicable prudential norms; and (c) such foreign branches or subsidiaries of Indian banks are not permitted to purchase or hold Notes which fall within the categories mentioned in (b) to (e) of serial number V of paragraph 2.1 of Part I of the ECB Directions); and (B) in compliance with all other conditions set out in respect of eligible investors under the ECB Directions and any other applicable regulations, notifications, circulars or guidelines issued by the authorities in India in respect of foreign currency denominated ECBs and are not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes, are eligible to purchase or subscribe to Notes denominated in INR or any other currency as may be applicable. However, underwriting by foreign branches / subsidiaries of Indian banks for issuances by the Indian banks is not allowed. By purchasing Notes denominated in INR or any other currency as may be applicable, each investor shall be deemed to have acknowledged, represented and agreed that such investor is eligible to purchase Notes denominated in INR or any other currency as may be applicable under applicable laws and regulations and is in compliance of the Eligibility Requirements and is not otherwise prohibited under any applicable law or regulation from acquiring, owning or selling Notes denominated in INR or any other currency as may be applicable and that so long as it holds any Notes, it will continue to be in compliance of the Eligibility Requirements. Potential investors should seek independent advice and verify compliance with the requirements under the ECB Directions prior to any purchase of Notes denominated in INR or any other currency as may be applicable.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements.

The Notes may be offered and sold (A) in bearer form or registered form outside the United States, and in certain instances, only to non-U.S. persons, in reliance on Regulation S and (B) in registered form within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

This Offering Circular has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Notes will be offered pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes may not be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA), or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

For a description of certain restrictions on offers, sales and transfers of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*” and “*Transfer Restrictions*.”

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that

which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

U.S. INFORMATION

This Offering Circular is being delivered on a confidential basis in the U.S. to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the U.S. is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the U.S. only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “**Legended Notes**”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale*” and “*Transfer Restrictions*.” Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*.”

Neither the Programme nor the Notes have been approved or disapproved by the U.S. Securities and Exchange Commission (the “**SEC**”), or any other securities commission or other regulatory authority in the United States nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “**restricted securities**” within the meaning of the Securities Act, we have undertaken in the Trust Deed as defined under “*Terms and Conditions of the Notes*” to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “**restricted securities**” within the meaning of Rule 144(a)(3) of the Securities Act and we are neither a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, all financial data contained herein is that of our Company on an unconsolidated basis. As of December 11, 2024, we had one subsidiary, Shriram Housing Finance Limited.

This Offering Circular contains:

- our Company's audited unconsolidated and consolidated financial statements and notes thereto as of and for the years ended March 31, 2022, 2023 and 2024 (the "**Audited Financial Statements**");
- our Company's reviewed unconsolidated interim financial statements and notes thereto as of and for the six months ended September 30, 2024 (including unaudited comparatives for the six months ended September 30, 2023) (the "**Condensed Unconsolidated Interim Financial Statements**").

We maintain our financial books and records and prepare our Audited Financial Statements and Condensed Unconsolidated Interim Financial Statements in Rupees and in accordance with Indian Accounting Standards converged with IFRS ("**IND-AS**"), which differ in certain important respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of the principal differences between IFRS and IND-AS as they relate to us, see "*Summary of Significant Differences between IFRS and IND-AS*."

Pursuant to an order dated November 14, 2022, supplemented by an order dated November 17, 2022, the National Company Law Tribunal, Chennai Bench ("**NCLT**") approved the Composite Scheme of Arrangement and Amalgamation ("**Scheme**"), involving amalgamation of Shriram Capital Limited ("**SCL**") with its remaining undertaking with the Company and amalgamation of Shriram City Union Finance Limited ("**SCUF**") with its entire undertaking with the Company, effective from the appointed date of April 1, 2022 (the "**Merger**"). In accordance with applicable accounting standards, the Merger has been accounted under the "acquisition method" and the difference between the purchase consideration and fair value has been accounted as goodwill on amalgamation. The figures for the period beginning on April 1, 2022 include the effect of the merger of the transferor companies, i.e., SCUF and SCL and are, therefore, not comparable with figures of previous periods.

Our Company's audited financial statements as of and for the years ended March 31, 2022, 2023 and 2024, which are included in this Offering Circular, were prepared by our previous joint auditors as set out in paragraph 6 of the section entitled "*General Information*". Our Company's Condensed Unconsolidated Interim Financial Statements, which are included in this Offering Circular, were prepared by our current joint auditors as set out in paragraph 6 of the section entitled "*General Information*".

CERTAIN DEFINITIONS

In this Offering Circular, references to "**India**" are to the Republic of India, references to the "**Government**" and "**GoI**" are to the Government of India, and references to the "**RBI**" are to the Reserve Bank of India. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to "**fiscal year**" are to the year ended March 31.

Unless the context otherwise indicates, all references to "**our Company**" or "**the Company**" are to Shriram Finance Limited (*formerly known as Shriram Transport Finance Company Limited*) on an unconsolidated basis and all references to "**we**," "**us**" and "**our**" are to our Company and our Subsidiaries on a consolidated basis.

Industry and market share data in this Offering Circular are derived from data prepared from the websites of the Government and the industry report prepared by ICRA Limited. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that the industry data used in this Offering Circular is reliable and take responsibility for the accurate

extraction of such data from publicly available sources, it has not been independently verified by us, the Arrangers, the Dealers, the Trustee or the Agents.

All references in this Offering Circular to **“U.S. dollars”** and **“U.S.\$”** refer to United States dollars, to **“INR,” “Rupee”** and **“Rupees”** refer to Indian Rupees, and to **“S\$”** refers to Singapore dollars. In addition, references to **“Sterling”** refers to pounds sterling and to **“euro,” “Eur”** and **“€”** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Community, as amended.

Unless otherwise specified, where financial information in relation to our Company has been translated into U.S. dollars, it has been so translated, for convenience only, as set forth below:

- (i) for information as of and for the six months ended September 30, 2024, at the rate of INR 83.7888 per U.S.\$1.00 (the closing exchange rate on September 30, 2024 based on the FBIL Reference Rate);
- (ii) for information as of and for the year ended March 31, 2024, at the rate of INR 83.3739 per U.S.\$1.00 (the closing exchange rate on March 31, 2024 based on the FBIL Reference Rate).

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. No representation is made that the Rupee or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Rupee, as the case may be, at any particular rate, or at all.

References to **“lakhs”** and **“crores”** in our financial statements are to the following:

One lakh	100,000 (one hundred thousand)
One crore	10,000,000 (ten million)
Ten crores	100,000,000 (one hundred million)
One hundred crores.....	1,000,000,000 (one thousand million or one billion)

In this Offering Circular, where information has been presented in millions or billions of units, amounts may have been rounded, in the case of information presented in millions, to the nearest ten thousand or one hundred thousand units or, in the case of information presented in billions, one, ten or one hundred million units. Accordingly, the totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

For the purposes of this Offering Circular, the following definitions shall apply throughout, unless the context otherwise requires:

“Assets Under Management”	Total Loan Assets and loan assets assigned.
“Expected Credit Loss (ECL)”	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.
“FBIL Reference Rate”	Reference Rate published by the Financial Benchmarks India Private Ltd. (FBIL).
“Gross NPA”	Outstanding loans including future principal and excluding unrealized interest accrued and due under NPA accounts.
“Investment and Credit Company (NBFC-ICC)”	Any company, which is a financial institution, carrying on as its principal business- asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other

	category of NBFC as defined by the RBI in any of its master directions.
“NBFC”	Non-banking finance company.
“Net Loan Assets”	Total Loan Assets as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans.
“Net Loan Assets (net of Provisions)”	Secured hypothecation loans, other secured loans, retained interest on securitization, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee as adjusted for ECL provisions.
“Net NPA”	Net NPA means Gross NPA net off provision held for NPA accounts and provision for diminution in fair value of restructured loans.
“Net Stage 3 Assets”	Stage 3 Assets net of Stage 3 Provision, where (i) Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS based on a 90-day delinquency period, and (ii) Stage 3 Provisions are lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument.
“RBI ECB Limits Approval”	Any approval granted by RBI to the Issuer for raising ECB from time to time, as and when applicable to an issue of Notes.
“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.
“Stage 1 Provisions”	Stage 1 Provisions are 12-month ECL resulting from default events that are possible within 12 months after the reporting date.
“Stage 2 Assets”	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
“Stage 2 Provisions”	Stage 2 Provisions are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument.
“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 Assets net of Stage 3 Provisions”	Stage 3 Assets net of Stage 3 Provisions.
“Stage 3 Provisions”	Stage 3 Provisions are lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument.
“Total Loan Assets (gross of Provisions)”	Secured hypothecation loans, other secured loans, retained interest on securitization, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee excluding provisions.

“Total borrowings”

Total borrowings include debt securities, borrowings (other than debt securities), deposits and subordinated liabilities

INDUSTRY AND MARKET DATA

Certain industry and market share data in this Offering Circular are derived in part from various government and private publications, obtained in communications with government ministries in India and the Reserve Bank of India (the “**RBI**”) and extracted from the industry report prepared by ICRA Limited that has been updated to reflect changes to Indian monetary policy and key rates as well as market trends and growth rates for the sectors in which SFL operates (the “**Report of ICRA**”).

Certain other information regarding market position, growth rates and other industry data pertaining to our business contained in this Offering Circular consists of estimates by us based on data reports compiled by professional organizations and analysts, on data from other external sources and on our knowledge of our markets. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, so we rely on internally developed estimates. While we have compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, neither our Company, the Arrangers, the Dealers, the Trustee nor the Agents has independently verified that data and neither our Company, the Arrangers, the Dealers, the Trustee nor the Agents makes any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company, the Arrangers, the Dealers, the Trustee nor the Agents can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

We have included statements in this Offering Circular which contain words or phrases such as “will,” “would,” “aimed,” “is likely,” “are likely,” “believe,” “expect,” “expected to,” “will continue,” “will achieve,” “anticipate,” “estimate,” “intend,” “plan,” “contemplate,” “seek to,” “seeking to,” “target,” “propose to,” “future,” “objective,” “goal,” “projected,” “should,” “can,” “could,” “may” and similar expressions or variations of such expressions, that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes relating to the commercial vehicle finance sector in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, including our ability to complete our expansion plans, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the our industry.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to, the impact of the Merger on our operations, the impact of any outbreak of contagious diseases, the impact banking and financial regulations in India, the monetary and interest rate policies of India, general economic and political conditions in India, southeast Asia, and the other countries which have an impact on our Company’s business activities or investments, political or financial instability in India or any other country caused by any factor, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the Rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India

and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under “*Risk Factors*” contained in this Offering Circular.

Any forward-looking statements contained in this Offering Circular speak only as of the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, our Company expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA

Our Company is a limited liability public company incorporated under the laws of India. A majority of our directors and executive officers named herein are residents of India and all or a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process on us or such persons in jurisdictions outside of India, or to enforce against us judgments obtained in courts outside of India predicated upon civil liabilities of us or such directors and executive officers under laws other than Indian law.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, the statutory basis for recognition and enforcement of foreign judgments is provided for under Sections 13 and 44A of The Code of Civil Procedure, 1908, as amended (the “CPC”). If the conditions laid down in Section 44A of the CPC are fulfilled, a foreign judgement will be deemed to be a decree passed by the relevant court in India and can be directly executed. However, Section 44A is applicable only to money decrees which are not in the nature of any sum payable in respect of taxes or other charges of like nature or in respect of a fine or other penalty and is not applicable to arbitration awards. Furthermore, Section 44A will be applicable to foreign judgments passed by superior courts of a reciprocating territory notified by the GoI. The United Kingdom, Singapore, Hong Kong and the United Arab Emirates *inter alia* have been declared by the GoI to be reciprocating territories for the purposes of Section 44A of the CPC but the United States has not been so declared. A foreign judgment which is not passed by any reciprocating country or by any superior court of reciprocating country can be executed after obtaining a fresh decree by filing a suit upon judgment in accordance with Section 13 of the CPC and not directly by proceedings in execution. A Noteholder may also file a suit against the Company, its directors and executive officers on the original cause of action before a competent court in India. Section 13 of the CPC provides that a foreign judgement shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under which they or any of them are litigating under the same title except (i) where the judgement has not been pronounced by a court of competent jurisdiction; (ii) where the judgement has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgement is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgement was obtained were opposed to natural justice; (v) where the judgement has been obtained by fraud; or (vi) where the judgement sustains a claim founded on a breach of any law in force in India. Even when a foreign judgement is directly put into execution under Section 44A, the relevant court is entitled to refuse execution of such judgment if it is shown that the foreign judgment falls within any of the exceptions laid down in clause (a) to (f) of Section 13 of the CPC which have been pointed out in point number (i) to (v) of this paragraph.

The suit must be brought in India within three years from the date of the judgement in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian public policy. Furthermore, any judgement or award in a foreign currency would be converted into Rupees on the date of such judgement or award and not on the date of payment, which could also increase risks relating to foreign exchange. A party seeking to enforce a foreign judgement in India is

required to obtain approval from the RBI to repatriate any amount recovered outside India. Any such amount may be subject to income tax in accordance with applicable laws.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) our Company's most recently published Audited Financial Statements and, if published later, our Company's most recently published audited or reviewed, as the case may be, Unconsolidated Interim Financial Statements (see "*General Information*" for a description of the financial statements currently published by us); and
- (b) all supplements or amendments to this Offering Circular circulated by us from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

We will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to us at our office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office of the principal paying agent in London (which for the time being is The Hongkong and Shanghai Banking Corporation Limited) (the "**Principal Paying Agent**") for the Notes listed on the SGX-ST or the Global Securities Market of the India INX.

Copies of the audited consolidated annual financial statements of our Company deemed to be incorporated by reference in this Offering Circular may be obtained without charge from either the website of the National Stock Exchange of India Limited (https://www1.nseindia.com/live_market/dynaContent/live_watch/get_quote/GetQuote.jsp?symbol=SHRIRAMFIN) or of the Company (<https://www.shriramfinance.in/investors/financials>).

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent which is material in the context of the Programme, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, we may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between us and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*.”

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST and the Global Securities Market of the India INX in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$3,500,000,000 or its equivalent in other currencies. For the purpose of calculating the INR equivalent of the aggregate nominal amount of the Notes issued under the Programme from time to time:

- (a) the INR equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “*Form of the Notes*”) shall be determined, at our discretion, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in Mumbai, in each case on the basis of the spot rate for the sale of the INR against the purchase of such Specified Currency in the Mumbai foreign exchange market quoted by any leading international bank selected by us on the relevant day of calculation;
- (b) the INR equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “*Form of the Notes*”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the INR equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “*Form of the Notes*”) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by us for the relevant issue.

The offering of the Notes will be made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Notes are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each purchaser of Notes will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Notes may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of, such persons, unless determined otherwise in compliance with applicable law.

We will issue Notes under the Programme in accordance with the ECB Directions.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this summary.

Issuer:	Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited).
Legal Entity Identifier (“LEI”):	335800TM2YO24B76XL26
Risk Factors:	There are certain factors that may affect our ability to fulfil our obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Medium Term Note Programme.
Arrangers:	The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank.
Dealers:	The Hongkong and Shanghai Banking Corporation Limited, Deutsche Bank, and any other Dealers appointed in accordance with the Programme Agreement (as defined under “ <i>Subscription and Sale</i> ”).
Trustee:	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying Agent:	The Hongkong and Shanghai Banking Corporation Limited.
Registrar and Transfer Agent:	The Hongkong and Shanghai Banking Corporation Limited.
U.S. Paying Agent, U.S. Transfer Agent and U.S. Registrar:	HSBC Bank USA, National Association.
Certain Restrictions:	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Offering Circular.
Programme Size:	U.S.\$3,500,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Programme</i> ”) in aggregate nominal amount of Notes outstanding at any time. We may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between us and the relevant Dealer. As of the date of this Offering Circular, the Issuer is permitted to issue notes denominated in INR or any other currency as may be applicable overseas.
Maturities:	Such maturities as may be agreed between us and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to us, including but not limited to, the minimum average maturity specified under the ECB Directions.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer and/or registered form as described in “ <i>Form of the Notes</i> .”
Fixed Rate Notes:	Fixed interest will be payable at such rate or rates in arrear and on such date or dates as may be agreed between us and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Directions) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between us and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Directions).
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate, subject to any regulatory requirement, including but not limited to, the ECB Directions, determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) by reference to EURIBOR, SONIA Benchmark, SOFR Benchmark or SORA Benchmark (or such other benchmark as may be specified in the applicable Pricing Supplement) as adjusted for any applicable margin; or (iii) on such other basis as may be agreed between us and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between our Company and the relevant Dealer for each Series of Floating Rate Notes, subject to any regulatory requirement (including but not limited to the ECB Directions).

	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as we and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Directions).
Other provisions in Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a relation to a maximum interest rate, a minimum interest rate or both, subject to any regulatory requirement including but not limited to the ECB Directions. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by us and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between our Company and the relevant Dealer.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as we and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Directions).
Partly Paid Notes:	We may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as we and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Other Notes:	We may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
Redemption:	Unless otherwise indicated in the applicable Pricing Supplement, the relevant Notes cannot be redeemed prior to their stated maturity other than (i) in specified instalments, if applicable, (ii) for taxation reasons, or (iii) following an Event of Default (as defined in Condition 11). Under the ECB Directions, any repayment of an ECB prior to its stated maturity requires the prior approval of the RBI or the AD Bank, as the case may be. Therefore, any redemption of the Notes prior to their stated maturity date will require the prior approval of the RBI or the AD Bank, as the case may be, under the ECB Directions. The applicable Pricing Supplement may provide that Notes may be redeemable in separate instalments in such amounts and on such dates as are indicated in the applicable Pricing Supplement,

	subject to any regulatory requirements, including but not limited to, the ECB Directions.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between us and the relevant Dealer, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 9.2), subject as provided in Condition 9.1. In the event that any such deduction is made, we will, save in certain limited circumstances provided in Condition 9.1, be required to pay additional amounts to cover the amounts so deducted. Without prejudice to our obligation to pay additional amounts as described above, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 9.1.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 11.1(c).
Status of the Notes:	The Notes, the status of which are specified in the applicable Pricing Supplement as Senior (the Senior Notes), and any relative Receipts (as defined under “<i>Terms and Conditions of the Notes</i>”) and Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank, and will rank, <i>pari passu</i>, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights and priority of claims. The Notes, the status of which are specified in the applicable Pricing Supplement as Secured (the “Secured Notes”), are secured obligations of the Issuer, at all times ranking <i>pari passu</i> and without any preference among themselves, secured in the manner described in the applicable Pricing Supplement.
Listing:	Application has been made to the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The Notes may also be listed on such other stock exchange(s) as may be agreed between our Company and the relevant Dealer in relation to each Series.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

Unlisted Notes may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

Clearing System:

Euroclear, Clearstream, DTC (each as defined in Condition 1) and/or any other clearing system, as specified in the applicable Pricing Supplement (see “*Form of the Notes*”).

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Italy, The Netherlands, Japan, India, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see “*Subscription and Sale*” and “*Transfer Restrictions*”).

United States Selling Restrictions:

Regulation S, Category 1 or 2 and/or Rule 144A. TEFRA C or TEFRA D or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or TEFRA not applicable, as specified in the applicable Pricing Supplement.

FORM OF THE NOTES

The Notes of each Series will either be in bearer form, with or without interest coupons (“**Coupons**”) attached (“**Bearer Notes**”), or registered form, without interest coupons attached (“**Registered Notes**”).

Bearer Notes will be issued only outside the U.S. and in certain instances, only to non-U.S. persons, in reliance on Regulation S. Registered Notes will be issued both (i) outside the U.S. and in certain instances, only to non-U.S. persons, in reliance on the exemption from registration provided by Regulation S and (ii) within the United States in reliance on Rule 144A or otherwise in a private transaction that is exempt from the registration requirements of the Securities Act.

Notes to be listed on the SGX-ST or the Global Securities Market of the India INX will be accepted for clearance through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”) and/or The Depository Trust Company (“**DTC**”) and/or any other clearing system as specified in the applicable Pricing Supplement.

Bearer Notes

Each Tranche of Bearer Notes will initially be represented by either a temporary bearer global note (a “**Temporary Bearer Global Note**”) or a permanent bearer global note (a “**Permanent Bearer Global Note**”) and, together with a Temporary Bearer Global Note, the “**Bearer Global Notes**,” and each a “**Bearer Global Note**”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear and Clearstream. While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, as applicable, has given a similar certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “**Exchange Date**”) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the date on which the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) in whole or in part for, upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes (“**Definitive Bearer Notes**”) of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event.

For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing or (ii) we have been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system

to the satisfaction of the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect from an authorized officer of the Issuer has been given to the Trustee. If the Permanent Bearer Global Note is exchangeable following the occurrence of such Exchange Event, we will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), receipts, interest coupons and talons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons or talons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, and, in certain circumstances, only to non-U.S. persons, will initially be represented by a global note in registered form without receipts or coupons (a **“Regulation S Global Note”**). If Category 2 is specified in the applicable Pricing Supplement, prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to QIBs. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form without receipts or coupons (a **“Rule 144A Global Note”** and, together with a Regulation S Global Note, the **“Registered Global Notes,”** and each a **“Registered Global Note”**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of DTC, or (ii) be deposited with the common depositary for Euroclear and Clearstream, and registered in the name of a nominee for a common depositary for Euroclear and Clearstream, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form (**“Definitive Registered Notes”**).

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Registered Global Notes. None of our Company, the Trustee any Paying Agent or the Registrar (each as defined under *“Terms and Conditions of the Notes”*) will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account

of beneficial ownership interests in the Registered Global Notes, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing, (ii) in the case of such Notes registered in the name of a nominee for DTC, either DTC has notified us that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, we have been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) we have or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

We will promptly give notice to the Noteholders and the Trustee in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream and/or DTC, as the case may be (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

A Registered Global Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of such Registered Global Note.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream and DTC, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “*Transfer Restrictions*.”

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN number and, where applicable, a CUSIP and CINS number, which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Registered Global Note (each a “**Global Note**”) held on behalf of Euroclear, Clearstream and/or DTC, each person (other than Euroclear, Clearstream and/or DTC) who is for the time being shown in the records of Euroclear, Clearstream or DTC as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or DTC as to the nominal amount of such Notes standing to the account of

any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, our Company and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Trustee, our Company and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the Agency Agreement and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear, Clearstream and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the Issuer, the Trustee and the Principal Paying Agent.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against our Company unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note representing such Notes is exchanged for definitive Notes. In addition, in the event that the Global Note representing such Notes is exchanged for definitive Notes an announcement of such exchange will be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the
U.S.\$3,500,000,000 Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated December 31, 2024 [and the supplement[s] to it dated [●] and [●]] (the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[PROHIBITION OF SALES TO EEA INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.¹

[PROHIBITION OF SALES TO UK RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.²

[“MiFID II product governance / Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target

¹ Include if item 38 (Prohibition of Sales to EEA) is stated to be applicable

² Include if item 38 (Prohibition of Sales to UK Retail Investors) is stated to be applicable

market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.”]

[UK MiFIR product governance / Professional investors and ECPs only target market –Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”)] should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – Include applicable legends/disclaimers for any Tranche of Debt Instruments which is in-scope for Paragraph 21 (Bookbuilding and placing activities in equity capital market and debt capital market transactions) of the SFC Code of Conduct]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as “**Not Applicable**” (N/A). Note that the numbering should remain as set out below, even if “**Not Applicable**” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

1. Issuer: Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited)
2. (a) Series Number: [●]
- (b) Tranche Number: [●]
- (c) Date on which the Notes will be consolidated and form a single Series: *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [date]] [Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount: [●]
- (a) Series: [●]
- (b) Tranche: [●]

5. (a) Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- [In case of a denomination in INR, the below is to be included:*
- The Issue Price will be payable in USD and will be based on the Aggregate Nominal Amount (in INR) divided by the conversion rate reported by the Financial Benchmark India Private Limited at approximately 1.30 p.m., Mumbai time, on [●] and displayed on Bloomberg page “**INRRATE Index**” (or any successor page).]
- (b) [Net proceeds: [●]]
- (c) [Private bank rebate/selling commission: [●]]
- (d) [Discretionary fee: [●]]
6. (a) Specified Denominations: [●] (*N.B. Notes must have a minimum denomination of €100,000 or equivalent*) (*Note - where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed: “**[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].**”*)
- (N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)*
- (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*
- (b) Calculation Amount (and in relation to calculation of interest in global form see Conditions): [●]
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [●]
- (b) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: *[Fixed rate - specify date/Floating rate - Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: *[[●]% Fixed Rate]*
[[specify reference rate]³ +/- [●]% Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: *[Redemption at par]*
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: *[Applicable/Not Applicable]*
(if applicable, specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis) (N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes)
12. Put/Call Options: *[Issuer Call]*
[(further particulars specified below)]
13. (a) Date of board approval for issuance of Notes obtained: *[●] [and [●], respectively]]/[None required] (N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)*
- (b) Date of regulatory approval/consent for issuance of Notes obtained: *[●]/[None required] (N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)*
14. Listing: *[Singapore Exchange Securities Trading Limited/Global Securities Market of the India INX/Other specify/None] (N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market)*
15. Method of distribution: *[Syndicated/Non-syndicated]*

³ Parties to consider the various IBOR cessation dates (particularly 31 December 2021) and the maturity date of the Notes in selecting a Reference Rate.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [●]% per annum payable in arrear on each Interest Payment Date
 - (b) Interest Payment Date(s): [●] in each year up to and including the Maturity Date (Amend appropriately in the case of irregular coupons)
 - (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [●] per Calculation Amount
 - (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
 - (e) Day Count Fraction: [Actual/Actual (ICMA)]; [30/360]; [Actual/365 (Fixed)] [specify other]
 - (f) Determination Date(s): [[●] in each year][Not Applicable] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
 - (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
17. Floating Rate Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [●], subject to adjustment in accordance with the Business Day Convention set out in (b) below, /not subject to any adjustment, as the Business Day Convention in (b) below is specified to be not applicable.]
 - (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]] [Adjusted/Unadjusted]
 - (c) Additional Business Center(s): [●]
 - (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/[Not Applicable]/[specify other]]
 - (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●]
 - (f) Screen Rate Determination:

- Reference Rate: EURIBOR/SOFR Benchmark/SONIA
Benchmark/SORA Benchmark/specify other
Reference Rate]
(
(Additional information required if other, including
fallback provisions in the Agency Agreement).
- Interest Determination Date(s): [•]
(Second day on which T2 is open prior to the start of
each Interest Period]
- Relevant Screen Page: [•]
(In the case of EURIBOR, if not Reuters
EURIBOR01 ensure it is a page which shows a
composite rate or amend the fallback provisions
appropriately)
- SOFR [Applicable/Not Applicable]
(If not applicable, delete the remaining
subparagraphs of this paragraph)
 - (i) SOFR Benchmark [SOFR Benchmark/Simple SOFR
Average/Compounded Daily SOFR/Compounded
SOFR Index].
 - (ii) Compounded Daily SOFR [Not Applicable/SOFR Lag/SOFR Observation
Shift/SOFR Lockout]
(Only applicable in the case of Compounded Daily
SOFR)
 - (iii) Lookback Days [Not Applicable/[•] U.S. Government Securities
Business Day(s)]/specify other]
(Only applicable in the case of Compounded Daily
SOFR (SOFR Lookback). Note that Interest
Determination Date should fall at least 5 U.S.
Government Securities Business Days prior to the
Interest Payment Date unless otherwise agreed with
the Calculation Agent.)
 - (iv) SOFR Observation Shift Days [Not Applicable/[•]/specify other larger number]
U.S. Government Securities Business Days]
(Only applicable in the case of SOFR Observation
Shift or Compounded SOFR Index)
 - (v) SOFR Index_{XStart} [Not Applicable/[•] U.S. Government Securities
Business Day(s)]
(Only applicable in the case of SOFR Index)
 - (vi) SOFR Index_{XEnd} [Not Applicable/[•] U.S. Government Securities
Business Day(s)]
(Only applicable in the case of SOFR Index)
 - (vii) Interest Determination Date [In accordance with the Condition 6.2(b)(iii)/specify
other]

- SONIA
 - [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (i) SONIA Benchmark: [SONIA Compounded Index Rate/SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag] where “p” is: [specify number] London Business Days [being no less than [5] London Business Days]
 - (ii) SONIA Observation Method: [Not Applicable/SONIA Observation Lag/SONIA Observation Shift/ *specify other*]
(Only applicable where the Reference Rate is Compounded Daily SONIA)
 - (iii) SONIA Observation Period (“x”): [5/specify other larger number] London Business Days]
- SORA
 - [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (i) SORA Benchmark [Compounded Daily SORA/SORA Index Average]
(Only applicable where the Reference Rate is SORA)
 - (ii) Calculation method for Compounded Daily SORA: [Not Applicable/SORA Lookback/SORA Backward Shifted Observation Period/SORA Payment Delay]
(Only applicable where the Reference Rate is Compounded Daily SORA)
 - (iii) SORA [Observation Period]/[Interest Payment Delay]: [Not Applicable/[●] Singapore Business Day(s)]
(Only applicable where the Reference Rate is Compounded Daily SORA)
 - (iv) SORA Rate Cut-Off Date: [Not Applicable/The day that is [●] Singapore Business Day(s) prior to the Interest Payment Date in relation to the relevant Interest Accrual Period]
(Only applicable in the case of SORA Payment Delay)]
 - (v) SORA Index_{Start}: [Not Applicable/[●] Singapore Business Day(s)]
(Only applicable in the case of SORA Index Average)
 - (vi) SORA Index_{End}: [Not Applicable/[●] Singapore Business Day(s)]
(Only applicable in the case of SORA Index Average)
- Benchmark Discontinuation Provisions: Condition 6.7[.1]/[.2]/[.3]/[.4] shall apply/Not Applicable/*specify other*
- (g) ISDA Determination:
 - Floating Rate Option: [●]
 - Designated Maturity [●]
 - Reset Date: [●]

- (in the case of a EURIBOR based option, the first day of the Interest Period)
- (h) Margin(s): [+/-] [●] % per annum
- (i) Minimum Rate of Interest: [●] % per annum
- (j) Maximum Rate of Interest: [●] % per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360 [30/360]
 [360/360]
 [Bond Basis]
 [30E/360]
 [Eurobond Basis]
 [30E/360 (ISDA)]
 [specify other]
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●] / [Benchmark Discontinuation (General)/Benchmark Discontinuation (SOFR)/Benchmark Discontinuation (SORA)/specify other if different from those set out in the Conditions]
18. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [●] % per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction in relation Early Redemption Amounts: to [30/360] [Actual/360] [Actual/365] [specify other]
19. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name]
- (c) Calculation Agent responsible for calculating the interest due: [●]
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*

- (e) Specified Period(s)/Specified Interest Payment Dates: [•]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Center(s): [•]
- (h) Minimum Rate of Interest: [•]% per annum
- (i) Maximum Rate of Interest: [•]% per annum
- (j) Day Count Fraction: [•]
20. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (b) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent): [•]
- (c) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [•]
- (d) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [•] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [•]
- (ii) Maximum Redemption Amount: [•]
- (d) Notice period: Minimum period: [15] days
Maximum period: [30] days
(N.B. If setting notice periods, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and

custodians, as well as any other notice requirements which may apply, for example, as between our Company and the Trustee)

22. Investor Put:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s):

[•]

(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):

[[•] per Calculation Amount/specify other/see Appendix]

(c) Notice period:

Minimum period: [15] days

Maximum period: [30] days

(N.B. When setting notice periods, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between our Company and the Trustee)

23. Final Redemption Amount

[•] per Calculation Amount

24. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required):

[[•] per Calculation Amount/specify other/see Appendix]

PROVISIONS RELATING TO SECURITY

25. Secured Notes Provisions:

(a) Charged Property

[Not Applicable]/[Give brief description of assets being secured: [•]]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes upon an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes only upon an Exchange Event]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6

includes language substantially to the following effect:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary/Permanent Bearer Global Note exchangeable for Definitive Bearer Notes.)

[Registered Notes:

[Regulation S Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream]]

[Rule 144A Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream]]

(specify nominal amounts)]

(Ensure that this is consistent with the language in the “Form of the Notes” section in the Offering Circular and the Notes themselves)

27. Additional Financial Centers:

[Not Applicable/give details]

(Note that this item relates to the date of payment and not Interest Period end dates to which items 17(c) and 19(f) relate)

28. Talons for future Coupons to be attached to definitive Notes in bearer form (and dates on which such Talons mature):

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details. *N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*]

30. Details relating to Instalment Notes:

[Not Applicable]

(a) [Instalment Amount(s):

[give details]]

(b) [Instalment Date(s):

[give details]]

31. Other terms or special conditions:

[Not Applicable/give details]

DISTRIBUTION

32. (a) If syndicated, names of Managers:

[Not Applicable/give names]

(b) Stabilizing Manager(s) (if any):

[Not Applicable/give names]

33. If non-syndicated, name of relevant Dealer: [●]
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
35. U.S. Selling Restrictions: [Regulation S [Category 1/Category 2]]/[Rule 144A]
36. Additional selling restrictions: [Not Applicable/give details]
37. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the Notes may constitute “packaged” products and no key information document (which is required by Regulation (EU) No 1286/2014 for offering or selling the Notes or otherwise making them available to retail investors in the EEA) will be prepared, “Applicable” should be specified.)*

HONG KONG SFC CODE OF CONDUCT

38. Rebates: [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMI otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
39. Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide] / [Not Applicable]
40. Marketing and Investor Targeting Strategy [if different from the Programme OC]

OPERATIONAL INFORMATION

41. Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
42. Delivery: Delivery [against/free of] payment
43. Additional Paying Agent(s) (if any): [●]
- ISIN: [●]
- Common Code: [●]
- (Insert here any other codes such as CUSIP and CINS codes)*
- Financial Instrument Short Name: [●]
- Classification of Financial Instruments Code: [●]

Legal Entity Identifier:

335800TM2YO24B76XL26

44. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [], producing a sum of (for Notes not denominated in [U.S. dollars]):

[Not Applicable/U.S.\$]

45. [Ratings:

The Notes to be issued have been rated: [Fitch: []] [Moody's: []] [Other: []]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$3,500,000,000 Medium Term Note Programme of Shriram Finance Limited.]

RESPONSIBILITY

We accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Duly authorized

TERMS AND CONDITIONS OF THE NOTES

As of the date of this Offering Circular prepared in connection with the Notes, the Issuer is permitted to issue notes denominated in U.S. dollars or any other currency as may be applicable overseas.

The following, subject to alteration and except for the paragraphs in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and as agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) (the “**Issuer**”) and constituted by an amended and restated trust deed dated April 5, 2019 (such trust deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**” which expression shall include any successor as Trustee) and Axis Trustee Services Limited (the “**Security Trustee**,” which expression shall include any successor as Security Trustee) between the Issuer and the Trustee. The Issuer will enter into the Security Documents (as defined herein) to secure performance of the Issuer’s obligations under the Notes where applicable.

Copies of the Trust Deed and the Agency Agreement and (where applicable) the Security Documents are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and (where applicable) the Security Documents and the Pricing Supplement (together, the “**Transaction Documents**”) which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note in bearer form (a “**Bearer Global Note**”);
- (iii) any Global Note in registered form (a “**Registered Global Note**”);
- (iv) definitive Notes in bearer form (“**Definitive Bearer Notes**,” and together with Bearer Global Notes, the “**Bearer Notes**”) issued in exchange for a Bearer Global Note; and
- (v) definitive Notes in registered form (“**Definitive Registered Notes**,” and together with Registered Global Notes, the “**Registered Notes**”), whether or not issued in exchange for a Registered Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated April 5, 2019 (such agency agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) and made between the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (the “**Principal**

Paying Agent,” which expression shall include any additional or successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent and the U.S. Paying Agent (as defined below), the **“Paying Agents,”** which expression shall include any additional or successor paying agents) and as initial calculation agent (the **“Calculation Agent,”** which expression shall include any additional or successor calculation agent), as exchange agent (the **“Exchange Agent,”** which expression shall include any successor exchange agent) and as transfer agent (the **“Transfer Agent,”** which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agency Agreement, and together with the U.S. Transfer Agent (as defined below), the **“Transfer Agents,”** HSBC Bank USA, National Association as the U.S. paying agent (the **“U.S. Paying Agent,”** which expression shall include any additional or successor U.S. paying agent) and the U.S. transfer agent (the **“U.S. Transfer Agent,”** which expression shall include any substitute or any additional U.S. transfer agents appointed in accordance with the Agency Agreement), The Hongkong and Shanghai Banking Corporation Limited as registrar (the **“Registrar,”** which expression shall include any successor registrar) and HSBC Bank USA, National Association as U.S. registrar (the **“U.S. Registrar,”** which expression shall include any successor U.S. registrar). The Principal Paying Agent, the Paying Agents, the Transfer Agents, the Exchange Agent, the Calculation Agent, the Registrar and the U.S. Registrar are together referred to as the **“Agents.”** Interest bearing definitive Bearer Notes have interest coupons (**“Coupons”**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**“Talons”**) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in instalments have receipts (**“Receipts”**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (**“Conditions”**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **“applicable Pricing Supplement”** are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **“Noteholders”** or **“holders”** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **“Receiptholders”** shall mean the holders of the Receipts and any reference herein to **“Couponholders”** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders, in accordance with the provisions of the Trust Deed.

As used herein, **“Tranche”** means Notes which are identical in all respects (including as to listing) and **“Series”** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and the date of the first payment of interest thereon and the date from which interest starts to accrue.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Notes may be in bearer form (**“Bearer Notes”**) and/or in registered form (**“Registered Notes”**) and, in the case of definitive Notes, will be serially numbered, in the currency (the **“Specified Currency”**) and the denominations (the **“Specified Denomination(s)”**) specified in the applicable Pricing Supplement. Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement, which Interest Basis shall be as per the applicable laws including but not limited to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and circulars or notifications issued thereunder by the RBI, from time to time including the Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019, as amended from time to time and the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated January 1, 2016, as amended from time to time, and any other applicable regulations, notifications, circulars or guidelines issued in respect of external commercial borrowings, as construed in accordance with the Foreign Exchange Management Act, 1999, including Regulations 4 and 6 of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (as amended, modified or replaced from time to time) (the “**ECB Guidelines**”).

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Unless otherwise provided with respect to a particular series of Registered Notes, Registered Notes of each Tranche sold outside the United States in reliance on Regulation S (“**Regulation S**”) under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) will, unless otherwise specified in the applicable Pricing Supplement, be represented by a permanent global Registered Note, without Receipts, Coupons or Talons, (each, a “**Regulation S Global Note**”), deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“**DTC**”) for the accounts of Euroclear and Clearstream. Notes in definitive registered form (“**Definitive Registered Notes**”) issued in exchange for Regulation S Global Notes or otherwise sold or transferred in reliance on Regulation S under the Securities Act, together with the Regulation S Global Notes, are referred to herein as “**Regulation S Notes**.”

Registered Notes of each Tranche sold in private transactions in reliance upon Rule 144A under the Securities Act (“**Rule 144A**”) to qualified institutional buyers within the meaning of Rule 144A (“**QIBs**”) will, unless otherwise specified in the applicable Pricing Supplement, be represented by a permanent global Registered Note, without Receipts, Coupons or Talons (each, a “**Restricted Global Note**” and, together with any Regulation S Global Note, the “**Registered Global Notes**”) deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes in definitive form issued in exchange for Restricted Global Notes or otherwise sold or transferred in accordance with the requirements of Rule 144A, together with the Restricted Global Notes, are referred to herein as “**Restricted Notes**.”

Restricted Notes shall bear a legend specifying certain restrictions on transfer (each, a “**Legend**”), such Notes being referred to herein as “**Legended Notes**.” Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of a Legend, the Registrar shall (save as provided in Condition 2.2 (*Transfers of Registered Notes Generally*)) deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee, the Principal Paying Agent, any Paying Agent, the Registrar and the Transfer Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any

Bearer Note, Receipt or Coupon and any person in whose name a Registered Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking SA (“**Clearstream**”), or for so long as DTC or its nominee is the registered holder of a Registered Global Note, each person (other than Euroclear, Clearstream or, as the case may be, DTC) who is for the time being shown in the records of Euroclear, Clearstream or, as the case may be, DTC as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or, as the case may be, DTC as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, any Paying Agents, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

For so long as DTC or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, as the case may be. References to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

2. Transfers of Registered Notes

2.1 Transfers of Interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor’s nominee.

2.2 Transfers of Interests in Regulation S Global Notes

Transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 2 to the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

2.3 Transfers of Registered Notes Generally

Registered Notes may not be exchanged for Bearer Notes and *vice versa*.

Holders of Definitive Registered Notes may exchange such Definitive Registered Notes for interests in a Registered Global Note of the same type at any time.

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer: (i) the holder or holders must (a) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Trustee, the Registrar, or as the case may be, the relevant Transfer Agent may prescribe (such initial regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.4 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC if such transfer is being made prior

to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream; or

- (ii) to a transferee who takes delivery of such interest through a Legended Note, where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.5 Costs of Registration

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to it.

3. Status

3.1 Status of Senior Notes

The Notes the status of which are specified in the applicable Pricing Supplement as Senior (the Senior Notes) and any relative Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights and priority of claims.

3.2 Status of Secured Notes

This Condition 3.2 and Condition 4 applies only to Notes specified in the applicable Pricing Supplement as “**Secured Notes**.”

The Secured Notes are secured obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in the applicable Pricing Supplement.

4. Security Arrangements and Covenants

4.1 Security

Upon any issuance of a Series of Secured Notes, the Issuer will pursuant to Clause 2(A) of the Trust Deed deliver or cause to be delivered to the Trustee a copy of the applicable Pricing Supplement notifying the Trustee of an issuance of a Series of Secured Notes and that Security shall be granted to the Security Trustee for the benefit of the Trustee and the holders of that Series of Secured Notes to secure the obligations of the Issuer under that Series of Secured Notes and the Trust Deed.

The obligations of the Issuer under, or in connection with, the Secured Notes and the Transaction Documents are secured by way of an exclusive first ranking charge over certain specified accounts receivable of the Issuer in favor of the Security Trustee (for itself, the Trustee and the Noteholders (together, the “**Secured Parties**”)), pursuant to a deed of hypothecation and a power of attorney (together, as may be amended or supplemented from time to time as set forth below, the “**Security Documents**”). The Issuer will make all filings necessary to perfect the initial security interest over specified accounts receivables within 15 days of the Issue Date or, subject to the agreement of the Security Trustee at the request of the Issuer, within 30 days of the Issue Date.

To maintain the Security Coverage Ratio (as defined below) in relation to the Secured Notes, the Issuer will (i) provide a list of specified accounts receivable to the Security Trustee no later than the fifteenth (15th) Business Day following every March 31, June 30, September 30 and December 31 of every year after March 31, 2019 until the Secured Notes are repaid in full; (ii) execute a supplemental deed of hypothecation in favor of the Security Trustee within forty (40) calendar days following the end of the Issuer’s fiscal year until the Secured Notes are repaid in full to create a security interest over the accounts receivable set out in each of the lists mentioned in (i) above by way of an exclusive first ranking charge; and (iii) make all necessary filings with the relevant Indian Registrar of Companies to perfect such security interest over specified accounts receivables within the same time period provided for execution of the supplemental deed of hypothecation in (ii) above, until the Secured Notes are repaid in full.

The property specified above, together with any other property or assets held by and/or charged in favor of and/or assigned to the Security Trustee (for itself and the other Secured Parties (subject as provided in these Conditions and the Transaction Documents)) pursuant to the Security Documents and/or any deed or document supplemental thereto is referred to in these Conditions as the “**Secured Property**,” and the security created thereby is referred to as the “**Security**.”

4.2 Release of Secured Property

Following written notice from the Trustee, upon the purchase and cancellation, or redemption in full in accordance with these Conditions of a relevant Series of outstanding Secured Notes and payment of all other amounts then due in respect of that relevant Series of Secured Notes under any Transaction Document, the Security shall automatically terminate and the Secured Property shall be released in accordance with the terms of the Security Documents at the cost of the Issuer.

4.3 Enforcement of Security

Subject to the provisions of the Security Documents and the Trust Deed, the Security shall become enforceable:

- (i) upon notice being given by the Trustee to the Issuer and the Security Trustee that the Secured Notes are due and payable pursuant to Condition 11;
- (ii) if the Issuer shall have failed to make payment of any amount due in respect of the redemption of any Secured Notes when due and payable pursuant to these Conditions; or
- (iii) in the circumstances specified in the relevant Security Documents.

If the Security becomes enforceable, the Trustee may at its discretion and without further notice or formality and shall, if so requested in writing by Noteholders holding at least 25% in nominal amount of the Secured Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) direct the Security Trustee to enforce all or any of the Security subject as provided below. The Security Trustee may at its discretion appoint a receiver and/or take possession of and/or realize all or any part of the Secured Property and/or take action or proceedings against any person liable in respect of all or any part of the Secured Property and/or any rights in relation to the Security Documents and take any step, action or proceedings provided for in or pursuant, and/or subject to, the Transaction Documents, but without any liability to any person as to the consequences of such step,

action or proceedings and without having regard to the effect of such action or proceedings on the Issuer or individual Noteholders, and **provided that** the Trustee shall not be required to take any action, step or proceedings that would involve any personal liability or exposure without first being indemnified and/or secured and/or prefunded to its satisfaction.

Following any realization of the Secured Property in accordance with the foregoing provisions of this Condition 4.3, the Security Trustee will pay to the Trustee all funds received as a result of such realization and the Trustee will procure that the proceeds are applied pursuant to Clause 7.3 of the Trust Deed.

For the avoidance of doubt, to enforce the rights of Secured Parties under the Security Documents, the Trustee shall have the right to instruct the Security Trustee to sell any Secured Property that is capable of being sold in accordance with the provisions set out in the Security Documents. Any dispute arising under the Security Documents among any of the parties will be resolved by the courts of the Republic of India (“**India**”), under Indian law.

5. Covenants

5.1 Maintenance Based Covenants

- (a) So long as any of the Notes remain outstanding, the Issuer shall ensure that:
 - (i) its capital adequacy ratio, as calculated in accordance with the requirements of the Reserve Bank of India (the “**RBI**”) in effect from time to time, is at all times maintained at a level that complies with the RBI requirements in effect from time to time; and
 - (ii) its Net Stage III Asset Ratio (as defined below) is at all times maintained at a level equal to or less than 7.0% until the maturity date of the Notes.
- (b) So long as any of the Secured Notes remain outstanding, the Issuer shall ensure that:
 - (i) the Security Coverage Ratio (as defined below) is at all times at a level equal or greater to 1.0; and
 - (ii) the Security will at all times consist of Standard Assets (as defined below).

Without prejudice to the above: (i) the aforesaid paragraphs (i) and (ii) of Condition 5.1(a) shall be tested on each Measurement Date (based on the latest available balance sheet as of March 31 or September 30, as the case may be); (ii) the aforesaid paragraph (i) of Condition 5.1(b) shall be tested on each Measurement Date (based on the outstanding principal value of the specified receivables, as provided under the latest QAR and which receivables were the subject of perfection under the latest supplemental deed of hypothecation executed in accordance with Condition 4.1); and (iii) the aforesaid paragraph (ii) of Condition 5.1(b) shall be tested in relation to the specified receivables as provided under the latest QAR and which receivables were the subject of perfection under the latest supplemental deed of hypothecation executed in accordance with Condition 4.1 on each Measurement Date (based on the asset classification provided by the Issuer in its books of accounts); and the Issuer shall provide the Trustee with a written confirmation (which confirmation the Trustee may rely on without further inquiry) on each such Measurement Date confirming compliance (or not) with such provisions.

5.2 Covenant Suspension

If following the issuance of any Notes:

- (a) the Notes are rated as follows by one of the following three entities: “Baa3” or better by Moody’s, “BBB-” or better by S&P or “BBB-” or better by Fitch (or, any such entity ceases to rate the Notes for reasons outside of the control of the Issuer, the equivalent investment grade credit rating from any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency); and

- (b) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under Condition 5.1 will be suspended.

Notwithstanding the foregoing, if the rating assigned by such rating agency should subsequently decline to below “Baa3,” “BBB-” or “BBB-,” respectively, Condition 5.1 will be reinstated as at and from the date of such rating decline. The period during which the covenants set forth above are suspended pursuant to this provision is the “Suspension Period.” The reinstatement of Condition 5.1 will not, however, be of any effect with regard to the actions of the Issuer properly taken during the continuance of the Suspension Period.

The Issuer shall notify the Trustee that the two conditions set forth in the first paragraph under this heading have been satisfied, **provided that** such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event.

There can be no assurance that the Notes will ever achieve or maintain an investment grade rating.

5.3 Consolidation, Merger and Sales of Assets

So long as any of the Notes remains outstanding, the Issuer will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions to any Person (the consummation of any such transaction or series of related transactions, a “**Merger**”), unless:

- (a) the Issuer shall be the continuing Person, or the Person (if other than the Issuer) formed by such Merger or that acquired or leased such property and assets (the “**Surviving Person**”) shall be a corporation organized and validly existing under the laws of India or any other country, **provided that** such country has, at the time such Merger, a long-term credit rating of not lower than “BBB-” by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. (or its equivalent under any successor rating category of Standard & Poor’s Rating Services), and “Baa3” by Moody’s Investor Service (or its equivalent under any successor rating category of Moody’s) and shall expressly assume, by way of supplemental agreements, all the obligations of the Issuer under the Transaction Documents and the Notes, and the Transaction Documents and the Notes shall remain in full force and effect;
- (b) immediately after giving effect to such Merger on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any of its Subsidiary as having been incurred at the time of such transaction) no Event of Default (as defined in Condition 11) shall have occurred and be continuing or would result therefrom;
- (c) the Issuer shall be solvent and able to pay its debts as they fall due immediately prior to the consummation of such Merger;
- (d) the corporation formed by such transaction, or the Person that acquired such properties and assets, shall expressly agree to indemnify each holder of a Note against any Taxes (as defined below) payable by withholding or deduction thereafter imposed on any holder solely as a consequence of such Merger with respect to the payment of principal, premium (if any) and interest on the Notes;
- (e) immediately after giving effect to such Merger on a *pro forma* basis, the Surviving Person will be in compliance with the maintenance covenants set out in Condition 5.1; and
- (f) the Issuer furnishes to the Trustee (i) an officers’ certificate setting out the arithmetic computations establishing compliance with the conditions precedent provided in Condition 5.3(b), (c) and (e), the maintenance covenants set out in Condition 5.1, showing in reasonable detail the calculation of the ratios set out in Condition 5.1 (including the arithmetic computations of each component of such ratios) and (ii) a written opinion from legal counsel addressed to the Trustee, in form and substance acceptable to the Trustee, and that meets the requirements of the Trust Deed, stating that

such Merger and such supplemental trust deed complies with this provision. The Trustee may accept such officers' certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

5.4 Definitions

In these Conditions, the following expressions have the following meanings:

- (a) **"Appointee"** has the meaning provided in the Trust Deed;
- (b) **"Attributable Indebtedness"** means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate borne by the Notes of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended;
- (c) **"Board of Directors"** means the representative governing board elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorised to take the action purported to be taken by such committee;
- (d) **"Capitalized Lease"** means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with India Accounting Standards, is required to be capitalized on the balance sheet of such Person;
- (e) **"Capitalized Lease Obligations"** means the capitalized amount of any rental obligations under a Capitalized Lease in accordance with India Accounting Standards, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of penalty;
- (f) **"Capital Stock"** means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or nonvoting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock;
- (g) **"Common Stock"** means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares;
- (h) **"Consolidated Net Income"** means, with respect to any specified Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries for such period, on a consolidated basis, as set out in the accounts of such Person and its Subsidiaries prepared on a basis consistent with India Accounting Standards and in respect of which an unqualified opinion or review report has been issued by accountants;
- (i) **"Currency Agreement"** means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates;
- (j) **"Distribution Compliance Period"** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);
- (k) **"Disqualified Stock"** means any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (i) required to be redeemed prior to the Stated Maturity of the Notes, (ii) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (iii) convertible into or exchangeable for Capital Stock referred to in (i) or (ii) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes;

- (l) **“Dollar Equivalent”** means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the RBI on the date of determination;
- (m) **“Fair Market Value”** means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution;
- (n) **“Hedging Obligation”** of any Person means the obligations of such Person pursuant to any Currency Agreement or Interest Rate Agreement;
- (o) **“Indebtedness”** means, with respect to any Person at any date of determination (without duplication):
 - (i) all indebtedness of such Person for borrowed money;
 - (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
 - (iii) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (including any premium to the extent such premium has become due and payable);
 - (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
 - (v) all Capitalized Lease Obligations and Attributable Indebtedness;
 - (vi) all Indebtedness of other Persons secured by a Security Interest on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided that** the amount of such Indebtedness shall be the lesser of (i) the Fair Market Value of such asset at such date of determination and (ii) the amount of such Indebtedness;
 - (vii) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
 - (viii) to the extent not otherwise included in this definition, Hedging Obligations; and
 - (ix) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;
- (p) **“India Accounting Standards”** means accounting standards generally accepted in India which is in effect from time to time, or, to the extent required by law or regulation applicable to non-banking financial companies in India (which for the avoidance of doubt, shall be IND-AS for the accounting period beginning from April 1, 2018 onwards). All ratios and computations contained or referred to in the Trust Deed shall be computed in conformity with IND-AS (as the case may be) applied on a consistent basis;
- (q) **“Interest Rate Agreement”** means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates;
- (r) **“Legended Note”** means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **“Legend”**);

- (s) “**Measurement Date**” means the first Business Day falling forty-five (45) calendar days following each of March 31 and September 30 in any year;
- (t) “**Net Loan Assets**” means secured hypothecation loans, other secured loans, retained interest on securitization, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee as determined under India Accounting Standards as adjusted for expected credit loss provisions;
- (u) “**Net Stage 3 Asset Ratio**” means the ratio, expressed as a percentage, of (i) Stage 3 Assets net of Stage 3 Provisions to (ii) Net Loan Assets;
- (v) “**Person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;
- (w) “**Preferred Stock**” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person;
- (x) “**QAR**” means, a quarterly asset report prepared by the Issuer until each of the Secured Notes are repaid in full, setting out a list of specified receivables which has been specifically identified towards the security being made available for the Secured Notes;
- (y) “**QIB**” means a qualified institutional buyer within the meaning of Rule 144A;
- (z) “**RBI NBFC Directions**” means the Non-Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as modified and/or supplemented and/or replaced from time to time;
- (aa) “**Refinancing Indebtedness**” means any Indebtedness that is incurred to refinance any other Indebtedness including any Indebtedness that refinances Refinancing Indebtedness **provided that**: (i) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced; and (ii) such Refinancing Indebtedness is expressed by its terms to be subordinated in right of payment to the Notes;
- (bb) “**Regulation S**” means Regulation S under the Securities Act;
- (cc) “**Regulation S Global Note**” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;
- (dd) “**Rule 144A**” means Rule 144A under the Securities Act;
- (ee) “**Rule 144A Global Note**” means a Registered Global Note representing Notes sold in the United States or to QIBs;
- (ff) “**Sale and Leaseback Transaction**” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Issuer or any Subsidiary transfers such property to another Person and the Issuer or any Subsidiary leases it from such Person;
- (gg) “**Securities Act**” means the United States Securities Act of 1933, as amended;
- (hh) “**Security Coverage Ratio**” means the ratio of (i) the value of the Secured Property to (ii) the outstanding principal amount of the Secured Notes;
- (ii) “**Stage 3 Assets**” include financial assets that have objective evidence of impairment at the reporting date as defined under India Accounting Standards based on a 90-day delinquency period;

- (jj) **“Stage 3 Provisions”** means the lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument as defined under India Accounting Standards;
- (kk) **“Standard Assets”** means assets classified as standard assets under the RBI NBFC Directions;
- (ll) **“Stated Maturity”** means: (i) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (ii) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness;
- (mm) **“Subordinated Indebtedness”** means any Indebtedness of the Issuer which is contractually subordinated or junior in right of payment to the Notes, pursuant to a written agreement to such effect;
- (nn) **“Subsidiary”** means in relation to any person (the first person) at any particular time, any other person (the second person):
 - (i) whose affairs and policies the first person (either on its own or together with one or more of its Subsidiaries) controls or has power to control, whether by ownership or share capital, voting rights, contract, the power to appoint or remove members of the governing body of the second person or otherwise and includes any company which is a Subsidiary of a Subsidiary of the first person; or
 - (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;
- (oo) **“Trade Payables”** means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days; and
- (pp) **“Wholly-Owned”** means, with respect to any Subsidiary of any Person, the ownership of 100.0% of the outstanding Capital Stock of such Subsidiary by such Person or one or more Wholly-Owned Subsidiaries of such Person.

6. Interest

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines and in accordance with any specific approval received by the Issuer from the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest is required to be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Fixed Rate Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

- (a) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or
- (b) if “**30/360**” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or
- (c) if “**Actual/365**” (Fixed) is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement. The Rate of Interest shall be in accordance with Indian regulatory requirements (including the ECB Guidelines, if applicable) or any specific approval received by the Issuer from the RBI or any other regulatory authority.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this paragraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this paragraph (i), “**Floating Rate**,” “**Calculation Agent**,” “**Floating Rate Option**,” “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

- (ii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SOFR Benchmark, SONIA Benchmark or SORA Benchmark

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or such other party specified in the applicable Pricing Supplement. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or such other party for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of paragraph (A) above, no such offered quotation appears or, in the case of paragraph (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, SOFR Benchmark, SONIA Benchmark or SORA Benchmark, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

- (iii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 6.2(c) all as determined by the Calculation Agent on the relevant Interest Determination Date.

The “**SOFR Benchmark**” will be determined based on Compounded Daily SOFR or SOFR Index, as follows (subject to Condition 6.7):

- (A) If Compounded Daily SOFR (“**Compounded Daily SOFR**”) is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period (where SOFR Lag or

SOFR Lockout is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable in the applicable Pricing Supplement:

(i) SOFR Lag:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“ **$SOFR_{i-xUSBD}$** ”, for any U.S. Government Securities Business Day(i) in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

“**Lookback Days**” means five U.S. Government Securities Business Days (or such other larger number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement);

“ **d** ” means the number of calendar days in the relevant Interest Period;

“ **d_o** ” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“ **i** ” means a series of whole numbers ascending from one to d_o , representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “**U.S. Government Securities Business Day(i)**”);

“ **n_i** ”, for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i); and

“**SOFR Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling the number of Lookback Days prior to the first day of such Interest Period to (but excluding) the date falling the number of Lookback Days prior to the Interest Period Date for such Interest Period.

(ii) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_i**” for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

“**SOFR Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

“**d**” means the number of calendar days in the relevant SOFR Observation Period;

“**d_o**” means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“**i**” means a series of whole numbers ascending from one to d_o, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a “**U.S. Government Securities Business Day(i)**”); and

“**n_i**”, for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(iii) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_i**” for any U.S. Government Securities Business Day(i) in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

“**d**” means the number of calendar days in the relevant Interest Period;

“**d_o**” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers ascending from one to d_0 , representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “**U.S. Government Securities Business Day(i)**”); and

“**n_i**”, for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of this Condition 6.2(b)(iii)(A):

“**Bloomberg Screen SOFRRATE Page**” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“**Reuters Page USDSOFR=**” means the Reuters page designated “USDSOFR=” or any successor page or service;

“**SOFR**” means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

- (i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;
- (ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or
- (iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 6.7 shall apply as specified in the applicable Pricing Supplement;

“**SOFR Rate Cut-Off Date**” means the date that is a number of U.S. Government Securities Business Days prior to the Interest Payment Date relating to the relevant Interest Period, the Maturity Date or the relevant Optional Redemption Date, as applicable, as specified in the applicable Pricing Supplement; and

“**SOFR Determination Time**” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

- (B) If Compounded SOFR Index (“**Compounded SOFR Index**”) is specified as applicable in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR Index” means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

- (i) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SOFR formula described above in Condition 6.2(b)(iii) “SOFR Observation Shift”, and the term “SOFR Observation Shift Days” shall mean five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement); or
- (ii) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 6.7 shall apply as specified in the applicable Pricing Supplement;

“SOFR Index_{End}” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the Interest Period Date for such Interest Period (or in the final Interest Period, the Maturity Date);

“SOFR Index_{Start}” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the first day of such Interest Period;

“SOFR Index Determination Time” means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“SOFR Observation Period” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement; and

“d_c” means the number of calendar days in the applicable SOFR Observation Period;

The following defined terms shall have the meanings set out below for purpose of this Condition 6.2(b)(iii):

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified:

- (i) (where SOFR Benchmark is specified in the applicable Pricing Supplement as the Reference Rate and where SOFR Lockout is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR) the U.S. Government Securities Business Day immediately following the SOFR Rate Cut-Off Date; and
- (ii) (in all other circumstances) the U.S. Government Securities Business Day immediately following the SOFR Observation Period;

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York (currently, being <https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index>), or any successor source;

“SOFR Benchmark Replacement Date” means the Benchmark Replacement Date with respect to the then-current Benchmark;

“SOFR Benchmark Transition Event” means the occurrence of a Benchmark Event with respect to the then-current Benchmark; and

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (iv) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SONIA Benchmark

(A) SONIA Compounded Index Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined; (ii) the Reference Rate is specified hereon as being SONIA; and (iii) SONIA Compounded Index Rate is specified hereon, the Rate of Interest for each Interest Period will, subject to Condition 6.7, be the SONIA Compounded Index Rate as follows, plus or minus (as indicated hereon) the Margin.

For the purposes of this Condition 6.2(b)(iv)(A):

“SONIA Compounded Index Rate” means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left(\frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left(\frac{365}{d} \right)$$

provided, however, that and subject to Condition 6.7, if the SONIA Compounded Index Value is not available in relation to any Interest Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded Index_{START} and

SONIA Compounded Index_{END}, the Rate of Interest shall be calculated for such Interest Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 6.2(b)(iv)(A) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified hereon and the “Relevant Screen Page” shall be deemed to be the “Relevant Fallback Screen Page” as specified hereon,

where:

“*d*” means the number of calendar days in the relevant Observation Period;

“**London Business Day**”, means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling “*p*” London Business Days prior to the first day of such Interest Period (and the first Observation Period shall begin on and include the date which is “*p*” London Business Days prior to the Issue Date) and ending on (but excluding) the date which is “*p*” London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “*p*” London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“*p*” means, for any Interest Period the whole number specified hereon (or, if no such number is so specified, five London Business Days) representing a number of London Business Days;

“**SONIA Compounded Index**” means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

“**SONIA Compounded Index**_{START}” means, in respect of an Interest Period, the SONIA Compounded Index Value on the date falling “*p*” London Business Days prior to (i) the first day of such Interest Period, or (ii) in the case of the first Interest Period, the Issue Date;

“**SONIA Compounded Index**_{END}” means the SONIA Compounded Index Value on the date falling “*p*” London Business Days prior to (i) in respect of an Interest Period, the Interest Payment Date for such Interest Period, or (ii) if the Notes become due and payable prior to the end of an Interest Period, the date on which the Notes become so due and payable; and

“**SONIA Compounded Index Value**” means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(B) SONIA Compounded Daily Reference Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined (ii) the Reference Rate is specified hereon as being SONIA; and (iii) SONIA Compounded Daily Reference Rate is specified hereon, the Rate of Interest for each Interest Period will, subject to Condition 6.7, be the SONIA Compounded Daily Reference Rate as follows, plus or minus (as indicated hereon) the Margin,

“SONIA Compounded Daily Reference Rate” means, in respect of an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where :

“London Business Day”, **“Observation Period”** and **“p”** have the meanings set out under Condition 6.2(b)(iv)(A);

“d” is the number of calendar days in the relevant:

- (i) Observation Period where Observation Shift is specified hereon; or
- (ii) Interest Period where Lag is specified hereon;

“d_o” is the number of London Business Days in the relevant:

- (i) Observation Period where Observation Shift is specified hereon; or
- (ii) Interest Period where Lag is specified hereon;

“i” is a series of whole numbers from one to d_o , each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

- (i) Observation Period where Observation Shift is specified hereon; or
- (ii) Interest Period where Lag is specified hereon;

“n_i”, for any London Business Day “i”, means the number of calendar days from and including such London Business Day “i” up to but excluding the following London Business Day;

“SONIA_i” means, in relation to any London Business Day the SONIA reference rate in respect of:

- (i) that London Business Day “i” where Observation Shift is specified hereon; or
- (ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling “p” London Business Days prior to the relevant London Business Day “i” where Lag is specified hereon; and

the **“SONIA reference rate”**, in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (**“SONIA”**) rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate).

- (C) Subject to Condition 6.7, where SONIA is specified as the Reference Rate hereon and either (i) SONIA Compounded Daily Reference Rate is specified hereon, or (ii)

the SONIA Compounded Index Rate is specified hereon and Condition 6.2(b)(iv)(B) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:

- (i) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
- (ii) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof), and

in each case, SONIA_i shall be interpreted accordingly.

- (D) If the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 6.7, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 11, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified hereon, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

- (v) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SORA Benchmark ("**SORA Notes**")

In the case of Floating Rate Notes which are specified hereon as being SORA Notes, the Rate of Interest for each Interest Period will be Compounded Daily SORA (as defined below) plus or minus the Margin:

- (A) Where SORA Lookback is specified in the applicable Pricing Supplement

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party

responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001 per cent.), with 0.00005 per cent. being rounded upwards.

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SORA_{i-p\ sbd} \times n_i}{365} \right) - 1 \right) \times \frac{365}{d}$$

where:

“*d*” is the number of calendar days in the relevant Interest Period;

“*d_o*”, for any Interest Period, is the number of Singapore Business Days in the relevant Interest Period;

“*i*”, for the relevant Interest Period, is a series of whole numbers from one to *d_o*, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Period (each a “**Singapore Business Day “i”**”);

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period;

“*n_i*”, for any Singapore Business Day “*i*”, is the number of calendar days from and including such Singapore Business Day “*i*” up to but excluding the following Singapore Business Day;

“**Observation Period**” means, for the relevant Interest Period, the period from, and including, the date falling “*p*” Singapore Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling “*p*” Singapore Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling “*p*” Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

“*p*” means five Singapore Business Days (or such other larger number of Singapore Business Days as specified in the applicable Pricing Supplement);

“**Singapore Business Day**” or “**SBD**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**SORA**” means, in respect of any Singapore Business Day “*i*”, a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day “*i*”; and

“**SORA_{i-p SBD}**” means, in respect of any Singapore Business Day “*i*” falling in the relevant Interest Period, the reference rate equal to SORA in respect of

the Singapore Business Day falling “*p*” Singapore Business Days prior to the relevant Singapore Business Day “*i*”.

- (B) Where SORA Backward Shifted Observation Period is specified in the applicable Pricing Supplement

"Compounded Daily SORA" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one tenthousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SORA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Observation Period;

“**d_o**”, for any Interest Period, is the number of Singapore Business Days in the relevant Observation Period;

“**i**”, for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Observation Period to the last Singapore Business Day in such Observation Period;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period;

“**n_i**”, for any day “**i**”, is the number of calendar days from and including such day “**i**” up to but excluding the following Singapore Business Day;

“Observation Period” means, for the relevant Interest Period, the period from, and including, the date falling five Singapore Business Days (or such other number of Singapore Business Days as specified in the applicable Pricing Supplement) prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or such other number of Singapore Business Days as specified in the applicable Pricing Supplement) prior to the Interest Payment Date at the end of such Interest Period (or the date falling five Singapore Business Days (or such other number of Singapore Business Days as specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the Notes become due and payable);

“Singapore Business Days” or **“SBD”** means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**SORA**” means, in respect of any Singapore Business Day “i”, a reference rate equal to the daily Singapore Overnight Rate Average provided by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <https://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the “**Relevant Screen Page**”) on the Singapore Business Day immediately following such day “i”; and

“**SORA_i**” means, in respect of any Singapore Business Day falling in the relevant Observation Period, the reference rate equal to SORA in respect of that Singapore Business Day.

(C) Where SORA Payment Delay is specified in the applicable Pricing Supplement

“**Compounded Daily SORA**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment during such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SORA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**d_o**”, for any Interest Period, is the number of Singapore Business Days in the relevant Interest Period;

“**i**”, for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Period to, but excluding, the last Singapore Business Day in such Interest Period;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Interest Period;

“**n_i**”, for any day “i”, is the number of calendar days from and including such day “i” up to but excluding the following Singapore Business Day;

“**Singapore Business Days**” or “**SBD**” means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**SORA**” means, in respect of any Singapore Business Day “i”, a reference rate equal to the daily Singapore Overnight Rate Average provided by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <https://www.mas.gov.sg>, or any successor website

officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such day “i”; and

“**SORA_i**” means, in respect of any Singapore Business Day falling in the relevant Interest Period, the reference rate equal to SORA in respect of that Singapore Business Day.

(D) Where SORA Index Average is specified in the applicable Pricing Supplement

For each Floating Rate Note where the Reference Rate is specified as being SORA Index Average (“**SORA Index Average**”), the SORA Benchmark for each Interest Period shall be equal to the value of the SORA rates for each day during the relevant Interest Period as calculated by the Calculation Agent on the relevant Interest Determination Date as follows:

$$\left(\frac{SORA Index_{End}}{SORA Index_{Start}} - 1 \right) \times \left(\frac{365}{d_c} \right)$$

and the resulting percentage being rounded if necessary to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards, where:

“**d_c**” means the number of calendar days from (and including) the SORA Index_{Start} to (but excluding) the SORA Index_{End};

“**Singapore Business Days**” means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**SORA Index**” means, in relation to any Singapore Business Day, the SORA Index as published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <https://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) at the SORA Index Determination Time, *provided that* if the SORA Index does not so appear at the SORA Index Determination Time, then:

- (i) if a SORA Index Cessation Event has not occurred, the “SORA Index Average” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SORA formula described above in Condition 6.2(b)(v)(B), and the Observation Period shall be calculated with reference to the number of Singapore Business Days preceding the first date of the relevant Interest Period that is used in the definition of SORA Index_{Start} as specified in the applicable Pricing Supplement; or
- (ii) if a SORA Index Cessation Event has occurred, the provisions set forth in Condition 6.7.3 shall apply;

“**SORA Index_{End}**” means the SORA Index value on the date falling five Singapore Business Days (or such other number of Singapore Business Days as specified in the applicable Pricing Supplement) preceding the Interest Period End Date relating to such Interest Period;

“**SORA Index_{Start}**” means the SORA Index value on the date falling five Singapore Business Days (or such other number of Singapore Business Days

as specified in the applicable Pricing Supplement) preceding the first date of the relevant Interest Period; and

“SORA Index Determination Time” means, in relation to any Singapore Business Day, approximately 3:00 p.m. (Singapore time) on such Singapore Business Day.

If, subject to Condition 6.7, by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such day “i”, SORA in respect of such day “i” has not been published and a SORA Index Cessation Event has not occurred, then SORA for that day “i” will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 6.7, the Rate of Interest shall be:

- (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or
- (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes becomes due and payable in accordance with Condition 11, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable (with corresponding adjustments being deemed to be made to the applicable SORA Benchmark formula) and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(c) *Margin, Minimum and/or maximum Rate of Interest*

If any Margin is specified hereon (either (A) generally, or (B) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods, in the case of (B), calculated in accordance with Condition 6.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

The Rate of Interest shall not exceed the rate of interest as specified under the ECB Guidelines or any specific approval received by the Issuer from the RBI or the designated authorised dealer category I bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Floating Rate Note or Index Linked Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines, if applicable) or any specific approval received by the Issuer from the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if “**30/360**,” “**360/360**” or Bond Basis is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph (e), the expression “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York, Hong Kong and the place of office of the Principal Paying Agent.

(f) *Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with paragraph (b)(i) or (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee (or an agent appointed by it, at the expense of the Issuer) shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee (or an agent appointed by it, at the expense of the Issuer) shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(g) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of willful default or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of willful default) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

Each Dual Currency Interest Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

Each Partly Paid Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines) or any specific approval received by the Issuer from the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines or any other regulatory authority.

6.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from and including the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

6.6 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (c) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions,

“**Business Day**” means a day which is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Center (other than T2) specified in the applicable Pricing Supplement; and
- (b) if T2 is specified as an Additional Financial Center in the applicable Pricing Supplement, a day on which the T2 or any successor system is open; and
- (c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively) or (B) in relation to any sum payable in euro, a day on which the T2 System or any successor system is open; and

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

6.7 Benchmark Discontinuation

6.7.1 Benchmark Discontinuation (General)

Where the applicable Pricing Supplement specifies this Condition 6.7.1 as applicable:

(A) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.7.1(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 6.7.1(D)). In making such determination, the Independent Adviser appointed pursuant to this Condition 6.7 shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 6.7.

If (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an

Alternative Rate in accordance with this Condition 6.7.1(A) prior to the date falling 10 Business Days before the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 6.7.1(A).

(B) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 6.7); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 6.7).

(C) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(D) *Benchmark Adjustments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 6.7 and the Independent Adviser, determines (x) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (y) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 6.7.1(E), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Agents of a certificate signed by an authorised officer of the Issuer pursuant to Condition 6.7.1(E), the Trustee and the Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with

the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions, the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

Notwithstanding any other provision of this Condition 6.7.1, the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 6.7 to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 6.7.1(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 6.7, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital and/or eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations.

Notwithstanding any other provision of this Condition 6.7, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Agency Event to occur.

(E) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 6.7 will be notified promptly (in any event at least 10 business days before the relevant Interest Determination Date) by the Issuer to the Trustee and the Agents and, in accordance with Condition 15 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee and the Agents a certificate in English signed by an authorised officer of the Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 6.7; and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee and the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to Trustee's or the relevant Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents and the Noteholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 6.7.1(A), 6.7.1(B), 6.7.1(C) and 6.7.1(D), the Original Reference Rate and the fallback provisions provided for in Condition 6.2 will continue to apply unless and until a Benchmark Event has occurred.

(G) Definitions

As used in this Condition 6.7.1:

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) the Issuer, following consultation with the Independent Adviser/Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (C) the Issuer, following consultation with the Independent Adviser/Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 6.7.1(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes;

"Benchmark Amendments" has the meaning given to it in Condition 6.7.1(D);

"Benchmark Event" means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (E) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (F) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (E) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Agents. For the avoidance of doubt, none of the Trustee or the Agents shall have any responsibility for making such determination;

“business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Calculation Agent;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by (and at the expense of) the Issuer under Condition 6.7.1(A);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“Rating Agency Event” shall be deemed to occur if the Issuer has received (directly or via publication by any Rating Agency), confirmation from any Rating Agency of an amendment to, clarification of or change in its assessment criteria or a change in the interpretation thereof which becomes effective on or after the Issue Date (or, if later, effective after the date on which the Notes are assigned “equity credit” by the relevant Rating Agency for the first time) and as a result of which, but not otherwise, the Notes will no longer be eligible for the same, or a higher amount of, “equity credit” (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Notes at the Issue Date (or if “equity credit” is not assigned to the Notes by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate, any working group or committee sponsored by, chaired or co-chaired by or constituted

at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6.7.2 Benchmark Discontinuation (SOFR)

This Condition 6.7.2 shall only apply to U.S. dollar-denominated Notes where so specified in the applicable Pricing Supplement.

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified as applicable in the applicable Pricing Supplement:

(A) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(B) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and any of the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this 6.7.2. Noteholders’ consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(C) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 6.7.2(C), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(D) *The following defined terms shall have the meanings set out below for purpose of this Condition 6.7.2:*

“**Benchmark**” means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines

on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement;

“**Benchmark Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of:
 - (a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
 - (b) the Benchmark Replacement Adjustment;
- (ii) the sum of:
 - (a) the ISDA Fallback Rate; and
 - (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of:
 - (a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component

used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and

(b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (i) in the case of sub-paragraph (i) or (ii) of the definition of “Benchmark Event”, the later of:
 - (a) the date of the public statement or publication of information referenced therein; and
 - (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of sub-paragraph (iii) of the definition of “Benchmark Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“**designee**” means a designee as selected and separately appointed by the Issuer in writing;

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Reference Time**” with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded Daily SOFR is specified as applicable in the applicable Pricing Supplement) or SOFR Index Determination Time (where SOFR Index is specified as applicable in the applicable Pricing Supplement), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

6.7.3 Benchmark Discontinuation (SORA)

This Condition 6.7.3 shall only apply to Singapore dollar-denominated Notes where so specified in the applicable Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 6.7.3 as applicable:

(A) *Independent Adviser*

If a SORA Index Cessation Event occurs in relation to an Original Reference Rate prior to the relevant Interest Determination Date when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 6.7.3(C)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 6.7.3(D)) by the date falling 10 Singapore Business Days (as defined below) prior to the relevant Interest Determination Date. For the purposes of this Condition 6.7.3, “**Singapore Business Day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore.

In making such determination, the Independent Adviser appointed pursuant to this Condition 6.7.3 shall act in good faith as an expert and in consultation with the Issuer.

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders for any determination made by it, pursuant to this Condition 6.7.3.

If:

- (i) the Issuer is unable to appoint an Independent Adviser; or
- (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 6.7.3(A) by the date falling 10 Singapore Business Days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest which would have been applicable to the Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 6.7.3(A).

(B) Successor Rate or Alternate Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 6.7.3); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 6.7.3).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser (in consultation with the Issuer) is unable to determine the quantum of, or a formula or methodology for determining such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(D) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 6.7.3 and the Independent Adviser determines:

- (i) that amendments to these Conditions Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (ii) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 6.7.3(E), without any requirement for the consent or approval of Noteholders, the Trustee or the Agents, vary these Conditions, the Trust Deed, and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Agents of a certificate signed by an authorised officer of the Issuer pursuant to Condition 6.7.3(E), the Trustee and the Agents shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or document supplemental to or amending the Trust Deed and/or the Agency Agreement), and the Trustee and the Agents shall not be liable to the Issuer, any Noteholder or any other person for any consequences thereof, provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or the relevant Agent, as applicable, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or that Agent in these Conditions, the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

For the avoidance of doubt, the Trustee and the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 6.7.3(D), provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or the relevant Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee and the Agents in these Conditions, the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) or if they impact the operational feasibility of the Agents in any way. Noteholders’ consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable) or such other changes, including for the execution of any documents or any steps by the Trustee or the Agents (if required). Further, none of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

In connection with any such variation in accordance with this Condition 6.7.3(E), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 6.7.3 will be notified promptly and at least 10 Singapore Business Days prior to the relevant Interest Determination Date by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Noteholders and the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee and the Agents a certificate in English signed by an authorised officer of the Issuer:

- (a) confirming (1) that a SORA Index Cessation Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 6.7.3; and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee and the Agents shall be entitled to rely conclusively on such certificate (without liability to any person) as sufficient evidence thereof and none of them shall be liable to the Issuer, the Noteholders, the Couponholders or any other person for so doing. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or an Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 6.7.3(A), 6.7.3(B), 6.7.3(C) and 6.7.3(D), the Original Reference Rate and the fallback provisions provided for in Condition 6.2. will continue to apply unless and until a Benchmark Event has occurred.

(G) Definitions

As used in this Condition 6.7.3:

“Adjustment Spread” means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (iii) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (iv) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied); or
- (v) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 6.7.3(B) as being customarily applied in market usage in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in Singapore Dollars;

“Benchmark Amendments” has the meaning given to it in Condition 6.7.3(D);

“Benchmark Replacement” means the Interpolated Benchmark, provided that if the Independent Adviser (in the circumstances set out in Condition 6.7.3(A)) cannot determine the Interpolated Benchmark by the relevant Interest Determination Date, then “Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Independent Adviser (in the circumstances set out in Condition 6.7.3(A)):

- (i) the Successor Rate;
- (ii) the ISDA Fallback Rate; and
- (iii) the Alternative Rate;

“Corresponding Tenor” with respect to a SORA Index Cessation Event means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

“Fallback Rate (SOR)” has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020. “Identified SORA” means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been (i) selected or recommended by the Relevant Nominating Body, or (ii) determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 6.7.3(A)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 6.7.3(B);

“Interpolated Benchmark” with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Original Reference Rate” means, initially, SORA (being the originally-specified benchmark rate used to determine Compounded Daily SORA and the Rate of Interest), provided that if a SORA Index Cessation Event has occurred with respect to SORA or the then-current Original Reference Rate, then **“Original Reference Rate”** means the applicable Successor Rate or Alternative Rate (as the case may be);

“Relevant Nominating Body” means:

- (i) the Monetary Authority of Singapore (or any successor administrator of the Original Reference Rate); or
- (ii) any working group or committee officially sponsored or endorsed by, chaired or co-chaired by or constituted at the request of the Monetary Authority of Singapore (or any successor administrator of the Original Reference Rate);

“SORA Index Cessation Event” means the occurrence of one or more of the following events:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Singapore Business Days or ceasing to exist; or
- (ii) the making of a public statement or publication of information by or on behalf of the Monetary Authority of Singapore (or a successor administrator of the Original Reference Rate), the regulatory supervisor for the administrator of the Original Reference Rate, the central bank for the currency of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a resolution authority with jurisdiction over the administrator of the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, announcing that the administrator of the Original Reference Rate has ceased or will cease to provide the Original Reference Rate permanently or indefinitely, and such cessation is reasonably expected by the Issuer to occur prior to the Maturity Date, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate; or
- (iii) the making of a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate has been or will be permanently

or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

- (iv) the making of a public statement or publication of information by or on behalf of the Monetary Authority of Singapore (or the supervisor of a successor administrator of the Original Reference Rate) as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, and such prohibition is reasonably expected by the Issuer to occur prior to the Maturity Date; or
- (v) the making of a public statement by or on behalf of the Monetary Authority of Singapore (or the supervisor of a successor administrator of the Original Reference Rate) that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or
- (vii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the SORA Index Cessation Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

The occurrence of a SORA Index Cessation Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor any other Agent shall have any responsibility for making such determination or for monitoring or determining whether or not a Benchmark Event has occurred or may occur and none of them shall be liable to the Issuer, the Noteholders, the Couponholders or any other person for not doing so; and

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement of the Original Reference Rate (which rate may be produced by the Monetary Authority of Singapore or such other administrator).

7. Payments

7.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland); and

- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Save as provided in Condition 9, payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

7.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America and its possessions).

Payments of Instalment Amounts (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9.2) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A Long “**Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are, and, in respect of Rule 144A Global Notes and Regulation S Global Notes cleared through DTC, DTC is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are, and, in respect of Rule 144A Global Notes and Regulation S Global Notes cleared through DTC, DTC is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the “**Record Date**”). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Principal Paying Agent to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency or conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Trustee, the Registrar or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, as the case may be, for his share of each payment so made by the Issuer in respect of such Global Note to, or to the order of, the holder of such Global Note.

So long as the Global Note is held on behalf of DTC, Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Date before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Day” means any day which (subject to Condition 11) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Center (other than T2) specified in the applicable Pricing Supplement; and
- (b) if T2 is specified as an Additional Financial Center in the applicable Pricing Supplement, a day on which the T2 or any successor system is open;
- (c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (which, if the Specified Currency is

Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively) or (B) in relation to any sum payable in euro, a day on which the T2 or any successor system is open; and

- (d) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

7.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 8.5); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

8. Redemption and Purchase

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

8.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Notes are neither a Floating Rate Note, an Index Linked Interest Note, nor a Dual Currency Note) or on any Interest Payment Date (if the Notes are either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9.2) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the pricing date of the first Tranche of the relevant Notes or if later, on or after the date on which a jurisdiction becomes a Taxing Jurisdiction with respect to the relevant Notes; and

- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (1) a certificate signed by an authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred or been satisfied pursuant to the relevant provisions of this Condition 8, and (2) an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.3 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Any notice of redemption will be irrevocable and will provide details of the redemption date. If the redemption price in respect of any Notes is improperly withheld or refused and is not paid by the Issuer, interest on the outstanding principal amount of such Notes will continue to be payable as provided in the Trust Deed until the redemption price is actually paid.

ECB Guidelines would require the Issuer to obtain the prior approval of the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines (“AD Bank”) as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming. Additionally, the ECB Guidelines provides that in the event there are changes in the terms and conditions of the Notes allowed by the AD Bank under the powers delegated and/or changes approved by the RBI, including reduced repayment by mutual agreement between the lender and borrower, then the Issuer is required to report to the Department of Statistics and Information Management (“DSIM”) through revised Form ECB at the earliest, in any case not later than seven days from the changes effected. Any such changes should be specifically mentioned in the revised Form ECB. Additionally, the Issuer is required to report actual ECB transactions through Form ECB 2 Return through the AD Category I bank on a monthly basis so as to reach DSIM within seven working days from the end of the month to which it relates. Changes, if any, in ECB parameters is required to be incorporated in Form ECB 2 Return.

8.3 Redemption at the option of the Issuer (Issuer Call)

This Condition 8.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an “**Issuer Call**.” The applicable Pricing Supplement contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 8.3 for full information on any Issuer Call. In particular, the applicable Pricing Supplement will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Pricing Supplement to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption

must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream and/or, as the case may be, DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption.

In order to ensure compliance with the applicable provisions of the ECB Guidelines, the exercise of an Issuer Call would be subject to completion of the minimum average maturity period as stipulated under the ECB Guidelines from time to time, since no option of redemption of Notes may be provided to the Issuer prior to the completion of the minimum average maturity period as specified in the ECB Guidelines. Alternatively, prior approval may be sought from the RBI for any such exercise, but there is no assurance that such approval would be forthcoming.

8.4 Redemption upon Change of Control Triggering Event

Within 15 days following any Change of Control Triggering Event, the Issuer will give notice to the Noteholders, the Trustee and the Principal Paying Agent in accordance with Condition 15 stating that a Change of Control Triggering Event has occurred.

Following the occurrence of a Change of Control Triggering Event, each Noteholder will have the right to require the Issuer to redeem any of the Notes held by such Noteholder at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest (including additional amounts pursuant to Condition 9 if any), if any, to (but excluding) the applicable date of redemption.

To exercise the right to require redemption of any Notes, the holder of the Notes must deliver such Notes at the specified office of any Paying Agent, in the case of Bearer Notes, or of any Transfer Agent or the Registrar, in the case of Registered Notes, on any business day (being, in relation to any place, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in that place) at the place of such specified office falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held in a clearing system, be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a Put Notice) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by such Notes or evidence satisfactory to the relevant Paying Agent, Transfer Agent or the Registrar, as the case may be, that such Notes will, following the delivery of the Put Notice, be held to its order or under its control.

Subject to the receipt of RBI or AD Bank approval, as the case may be, the Issuer is obliged to redeem any such Notes on the first business day in the place where such redemption notice is deposited falling 30 days after such deposit.

A Put Notice given by a holder of any Note shall be irrevocable and no Note deposited with a Paying Agent, Transfer Agent or the Registrar pursuant to this Condition 8.4 may be withdrawn without the prior written consent of the Issuer.

The right of any Noteholder to require the Issuer to redeem any Note upon a Change of Control Triggering Event is not conditional upon a Change of Control Triggering Event notice having been given by the Issuer, but will, if such notice is given by the Issuer, be exercised by such Noteholder within 45 days of the giving of such notice.

For purposes of this Condition 8.4:

“Change of Control” means the occurrence of one or more of the following events:

- (a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of a merger or consolidation undertaken in compliance with Condition 5.3), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer to any Person, other than to Shriram Capital Private Limited (*formerly known as Shriram Financial Ventures (Chennai) Private Limited*) and Shriram Ownership Trust;
- (b) the Issuer consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Issuer, other than any such transaction where holders of a majority of the voting stock of the Issuer, immediately prior to such transaction, hold securities of the surviving or transferee Person, immediately after such transaction, that represent at least a majority of the voting stock of such surviving or transferee Person and in substantially the same proportion as before such transaction;
- (c) Shriram Capital Private Limited (*formerly known as Shriram Financial Ventures (Chennai) Private Limited*) and Shriram Ownership Trust ceases to (i) be, directly or indirectly, the single largest shareholder in the Issuer or (ii) Control the Issuer; or
- (d) the adoption of a plan relating to the liquidation or dissolution of the Issuer.

“Change of Control Triggering Event” means both a Change of Control and a Rating Decline.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Issuer, whether through the ownership of voting securities, by contract or otherwise.

“Fitch” means Fitch Inc. and its successors.

“Nationally Recognized Statistical Rating Organization” has the meaning assigned to such term in Section 3(a)(62) of the U.S. Securities and Exchange Act of 1934, as amended.

“Rating Agencies” means (i) S&P and (ii) Fitch; provided that if S&P or Fitch shall not make a rating of the Notes publicly available, one or more Nationally Recognized Statistical Rating Organizations selected by the Issuer, which will be substituted for S&P or Fitch, as the case may be.

“Rating Category” means (i) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (ii) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Decline” means in connection with actions contemplated under the definition of **“Change of Control,”** the notification on, or within 60 days after, the earlier of (i) the occurrence of any such actions set forth therein or (ii) a public notice of the occurrence of any such actions that such proposed actions will result in the ratings of the Notes by any of the Rating Agencies decreasing by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) below the ratings of the Notes by such Ratings Agency on the Issue Date.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

ECB Guidelines require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

8.5 Early Redemption Amounts

For the purpose of Condition 8.2 and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at an amount (the “**Amortized Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^y$$

where:

“**RP**” means the Reference Price;

“**AY**” means the Accrual Yield expressed as a decimal; and

“**y**” is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365), or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

8.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8.7 and the applicable Pricing Supplement.

8.8 Purchases

The Issuer or any Subsidiary may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation.

8.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.8 (together with all

unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and may not be reissued or resold.

8.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1 or 8.2 or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

8.11 No verification by Trustee

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Noteholders or any other person for not doing so.

9. Taxation

9.1 Payment without Withholding

All payments in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the “**Additional Amounts**”); except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) where the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon, enforcement of rights or the receipt of payments with respect to such Note, Receipt, or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or
- (c) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.

Notwithstanding any other provision of the Terms and Conditions of the Notes, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the

implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”).

9.2 Interpretation

As used herein:

- (i) “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15; and
- (ii) “**Tax Jurisdiction**” means India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes generally subject with respect to the Notes, Receipts and Coupons.

Any payments made by the Issuer are required to be within the all-in-cost ceilings prescribed under the ECB Guidelines and in accordance with any specific approvals from the RBI obtained by the Issuer in this regard.

9.3 Transfers or Sales

The Issuer has agreed to indemnify any transferor or transferee of a Note (or any beneficial interest therein), other than a transferor or transferee who is liable to Indian tax by reason of his having a connection with India apart from the mere holding of a Note, against any loss resulting from the imposition of Indian income, capital gains or gift tax on the transfer or sale of a Note outside India. The foregoing indemnity will terminate upon a practicing eminent Indian taxation lawyer acceptable to the Trustee and the Issuer certifying in writing in form and with content satisfactory to the Trustee that it is satisfied, on the basis of an appropriate amendment of the Income Tax Act, 1961 of India that the Notes are not and are not deemed to be situated in India.

The Issuer will first obtain approval from the RBI prior to making any payments under such indemnity, if required.

9.4 No responsibility on Trustee for determinations

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

10. Prescription

The Notes (whether bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9.2) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11. Events of Default and Enforcement

11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25% in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in paragraphs (b) to (d) (other than the winding up or dissolution of the Issuer), (e) to (g) inclusive and (h) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Notes), give notice in writing to the Issuer that each Note is, and each Note shall thereupon, subject to receipt of prior RBI approval or AD Bank approval pursuant to the ECB Guidelines, as the case may be, immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each “**an Event of Default**”) shall occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and, in the case of interest, the default continues for a period of seven days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for borrowed money of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however describe); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for borrowed money on the due date for payment (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for borrowed money becomes enforceable; or (iv) default is made by the Issuer or any its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for borrowed money of any other person; **provided that** no event described in this Condition 11.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for borrowed money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for borrowed money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.\$30,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganization on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganization on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) the Issuer or any of its Principal Subsidiaries is declared by a competent court or other authority insolvent or bankrupt or is unable to pay its debts or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts as they mature or applies for or consents to or suffers the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator,

- liquidator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not stayed or discharged within 45 days; or
- (g) if the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganization or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
 - (h) a moratorium (which expression shall not include any deferral or principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer in respect of any Indebtedness for borrowed money (including any obligations arising under guarantees) of the Issuer or any of its Subsidiaries; or
 - (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or any of the Transaction Documents; or
 - (j) if any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect for any reason other than the satisfaction in full of all obligations under the Trust Deed and the relevant security and discharge of the Trust Deed or any Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert, in any pleading in any court of competition jurisdiction, that any such Security Interest is invalid or unenforceable; or
 - (k) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (d) above to (g) above inclusive.

11.2 Interpretation

For the purposes of these Conditions, “**Principal Subsidiary**” means a subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10% of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, **provided that**, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, **provided that** the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this paragraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries or

the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (b) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10% of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, **provided that** the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its assets represent (or, in the case aforesaid, are equal to) not less than 10% of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this paragraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed;

11.3 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, or to give any directions to the Security Trustee under or in connection with the Security Documents but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons or the Security Documents unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25% in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Paying Agents, Registrar, Exchange Agent and Transfer Agents

The names of the initial Paying Agents, the initial Registrar, the initial Exchange Agent and the other initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, after consultation with the Trustee, to vary or terminate the appointment of the Principal Paying Agent, Paying Agent, Registrar, the Exchange Agent or Transfer Agent and/or

appoint additional or other Paying Agents, Registrar, the Exchange Agent or Transfer Agents and/or approve any change in the specified office through which any Agent acts, **provided that:**

- (a) there will at all times be the Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent, which may be the Principal Paying Agent, and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (c) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST; and
- (d) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Notice of any variation, termination, appointment or change in Paying Agents will be given promptly to the Noteholders by the Issuer in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents, Registrar, the Exchange Agent and the Transfer Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. Notices

Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the Asian Wall Street Journal. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If, in the opinion of the Trustee, publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream or DTC, be substituted for such mailing, such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream or DTC, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 15.

16. Meetings of Noteholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed or (where applicable) the Security Documents. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed or (where applicable) the Security Documents (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting, such meeting comprising one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in outstanding nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, or direct the Security Trustee to agree to any modification (except such modifications in respect of

which an increased quorum is required as mentioned above) of, or to the waiver or authorization of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, Agency Agreement or the Security Documents, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorization, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer or direct the Security Trustee to agree to the substitution in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of any Subsidiary, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorization, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 15.

17. Indemnification of the Trustee and Trustee Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and to be paid its costs and expenses in priority to the claims of the Noteholders, Receiptholders or Couponholders. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

Notwithstanding anything to the contrary, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or the conditions of the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any

decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

The Trustee may rely, without liability to Noteholders, on a report, confirmation, opinion or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

The Trustee shall not be obliged to take any steps to ascertain whether a Potential Event of Default (as defined in the Trust Deed) or Event of Default has occurred or to monitor the occurrence of any Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer under an indemnity clause may require the prior approval of the RBI.

18. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue so that the same shall be consolidated and form a single Series with the outstanding Notes, provided that if Notes of such Series were sold previously, or in connection with the further issue will be sold, to QIBs within the meaning of Rule 144A, the further Notes must be fungible for U.S. federal income tax purposes with the previously issued Notes or be assigned a different ISIN number.

19. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. Governing Law and Submission to Jurisdiction

20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

20.2 Submission to jurisdiction

- (a) Subject to Condition 20.2(c), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a “**Dispute**”) and accordingly each of the Issuer and the Trustee and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited, 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Waiver of immunity

To the fullest extent permitted by law, the Issuer irrevocably and unconditionally:

- (a) submits to the jurisdiction of the English courts in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf;
- (b) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any other jurisdiction in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agrees to ensure that no such claim is made on its behalf; and
- (c) consents to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the English courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation: (i) relief by way of interim or final injunction or order for specific performance or recovery of any property; (ii) attachment of its assets; and (iii) enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use) and waives and agrees not to claim any

sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf.

Principal Paying Agent, Transfer Agent, Exchange Agent, Calculation Agent and Registrar

The Hongkong and Shanghai Banking Corporation Limited
Level 26, HSBC Main Building,
1 Queen's Road Central, Hong Kong

U.S. Paying Agent, U.S. Transfer Agent and U.S. Registrar

HSBC Bank USA, National Association
452 Fifth Avenue
New York, NY 10018
United States of America

USE OF PROCEEDS

Unless otherwise specified in the relevant Pricing Supplement, the net proceeds from each issue of Notes will be applied for the purpose of onward lending and other activities as may be permitted by the ECB Guidelines, in accordance with the approvals granted by the RBI from time to time in this relation and in accordance with the ECB Guidelines.

SELECTED FINANCIAL INFORMATION

The following table sets out a summary of certain selected financial information of our Company as of and for the years ended March 31, 2022, 2023 and 2024 and for the six months ended September 30, 2023 and September 30, 2024.

The selected financial information is derived from:

- our Company's audited unconsolidated and consolidated financial statements and notes thereto as of and for the years ended March 31, 2022, 2023 and 2024, audited by our previous joint auditors Sundaram & Srinivasan and KKC & Associates LLP; and
- our Company's reviewed unaudited standalone and consolidated interim financial statements as of and for the six months ended September 30, 2024 (including unaudited comparatives for the six months ended September 30, 2023), prepared by our current joint auditors M M Nissim & Co LLP and G.D. Apte & Co.

Copies of the audited unconsolidated annual financial statements of our Company deemed to be incorporated by reference in this Offering Circular may be obtained without charge from either the website of the National Stock Exchange of India Limited (https://www1.nseindia.com/live_market/dynaContent/live_watch/get_quote/GetQuote.jsp?symbol=SHRIRAMFIN) or of the Company (<https://www.shriramfinance.in/investors/financials>).

Pursuant to an order dated November 14, 2022, as supplemented by an order dated November 17, 2022, the NCLT approved the Scheme, involving amalgamation of SCL with its remaining undertaking with the Company and amalgamation of SCUF with its entire undertaking with the Company, effective from the appointed date of April 1, 2022. In accordance with applicable accounting standards, the Merger has been accounted under the "acquisition method" and the difference between the purchase consideration and fair value has been accounted as goodwill on amalgamation. The figures for the current period beginning on April 1, 2022 to include the effect of the merger of the transferor companies, i.e., SCUF and SCL and are, therefore, not comparable with figures of previous periods.

Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or other accounting principles. The Indian Accounting Principles differ in certain material respects from IFRS. For a discussion of significant differences between the Indian Accounting Principles and IFRS, see "*Summary of Significant Differences between IFRS and IND-AS*."

Unconsolidated statement of profit and loss for the six months ended September 30, 2023 and 2024

Particulars	Six-months ended September 30,		
	2023	2024	2024
	(Unaudited)	(Unaudited)	
	(INR million)		(U.S.\$ million) ⁽¹⁾
	<i>(Unconsolidated)</i>		
Revenue from operations			
(i) Interest income	159,045.1	191,772.9	2,288.8
(ii) Dividend income	14.5	16.9	0.2
(iii) Rental income.....	1.7	-	-
(iv) Fee and commission income	1,732.8	2,180.3	26.0
(v) Net gain on fair value changes	728.0	24.2	0.3
(vi) Net gain on derecognition of financial instruments under amortised cost category	1,893.7	902.9	10.8
(vii) Others	2,167.8	1,921.6	22.9
(I) Total Revenue from operations.....	165,583.6	196,818.8	2,349.0
(II) Other Income	141.0	118.7	1.4
(III) Total Income (I+II)	165,724.6	196,937.5	2,350.4
Expenses			
(i) Finance cost.....	71,094.0	84,793.3	1,012.0
(ii) Fee and commission expenses.....	1,882.7	2,481.1	29.6
(iii) Impairment of financial instruments.....	20,071.6	24,225.4	289.1
(iv) Employee benefit expenses	15,807.7	17,750.2	211.8
(v) Depreciation, amortization and impairment	2,686.5	3,123.4	37.3
(vi) Other expenses	8,183.1	10,382.9	124.0
(IV) Total Expenses.....	119,725.6	142,756.3	1,703.8
(V) Profit before exceptional items and tax (III-IV)	45,999.0	54,181.2	646.6
(VI) Exceptional items	-	-	-
(VII) Profit before tax (V+VI)	45,999.0	54,181.2	646.6
(VIII) Tax Expense:.....			
(1) Current tax	15,268.8	18,104.8	216.0
(2) Deferred tax	(3,532.6)	(4,442.1)	(53.0)
(3) Tax Adjustment for earlier years	-	-	-
(IX) Profit for the period (VII-VIII).....	34,262.8	40,518.5	483.6
(X) Other Comprehensive Income			
(i) Items that will not be classified to profit or loss.....			
Remeasurement gain/(loss) on defined benefit plan	(277.1)	(90.6)	(1.1)
Gain/(loss) on Fair valuation of quoted investments in equity shares	127.2	(3.8)	-

Particulars	Six-months ended September 30,		
	2023	2024	2024
	(Unaudited)	(Unaudited)	
	(INR million)		(U.S.\$ million) ⁽¹⁾
	<i>(Unconsolidated)</i>		
(ii) Income tax relating to items that will not be reclassified to profit or loss	37.7	23.8	0.3
(A) Subtotal	(112.2)	(70.6)	(0.8)
(i) Items that will be classified to profit or loss	447.7	1,097.7	13.0
(ii) Income tax relating to items that will be reclassified to profit or loss	(112.7)	(276.3)	(3.3)
(B) Subtotal	335.0	821.4	9.7
Other Comprehensive Income (A+B)	222.8	750.8	8.9
(XI) Total Comprehensive Income for the period (IX+X) .	34,485.6	41,269.3	492.5
(XII) Earnings per equity share (not annualized)			
Basic (INR)	91.40	107.79	1.3
Diluted (INR)	91.03	107.62	1.3

Notes:

(1) The reviewed condensed unconsolidated interim financial statements as of and for the six months ended September 30, 2024 have been translated to U.S. dollars at the rate of INR 83.7888 per U.S.\$1.00 (the closing exchange rate on September 30, 2024 was based on the FBIL Reference Rate).

Unconsolidated Statement of Profit and Loss for the Years Ended March 31, 2022, 2023 and 2024

Particulars	Year ended March 31,			
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
		(INR million)		(U.S.\$ million) ⁽¹⁾
	<i>(Unconsolidated)</i>			
Revenue from operations				
(i) Interest income	186,462.6	286,073.6	335,996.6	4,030.0
(ii) Dividend income	—	65.2	14.5	0.2
(iii) Rental income	1.7	1.7	1.3	0.0
(iv) Fee and commission income	1,000.8	2,426.1	4,573.8	54.9
(v) Net gain on fair value changes	2,217.0	3,400.7	956.5	11.5
(vi) Net gain on derecognition of financial instruments under amortised cost category	2,177.4	2,244.6	3,246.5	38.9
(vii) Other Operating Income	692.2	3,509.7	4,854.9	58.2
(II) Total Revenue from operations	192,551.7	297,721.6	349,644.1	4,193.7
(II) Other Income	190.6	307.3	332.0	4.0

Particulars	Year ended March 31,			
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million) ⁽¹⁾
	<i>(Unconsolidated)</i>			
(III) Total Income (I+II)	192,742.3	298,028.9	349,976.1	4,197.7
Expenses				
(i) Finance cost.....	97,343.1	125,457.6	148,061.2	1,775.9
(ii) Fee and commission expenses.....	917.4	3,044.4	4,227.7	50.7
(iii) Impairment of financial instruments...	38,608.6	41,591.7	45,183.4	541.9
(iv) Employee benefit expenses	9,970.9	25,061.1	32,155.9	385.7
(v) Depreciation, amortization and impairment	1,353.7	5,241.8	5,688.3	68.2
(vi) Other expenses	9,056.1	15,783.4	17,823.2	213.8
(IV) Total Expenses	157,249.8	216,180.0	253,139.7	3,036.2
(V) Profit before exceptional items and tax (III-IV)	35,492.5	81,848.9	96,836.4	1,161.5
(VI) Exceptional items	—	—	—	—
(VII) Profit before tax (V+VI)	35,492.5	81,848.9	96,836.4	1,161.5
(VIII) Tax Expense				
(1) Current tax	11,125.7	28,865.1	34,000.6	407.8
(2) Deferred tax	(1,889.3)	(6,809.6)	(9,069.0)	(108.7)
(3) Tax adjustment for earlier years.....	(823.2)	-	-	-
(IX) Profit for the year from continuing operations (VII-VIII)	27,079.3	59,793.4	71,904.8	862.4
(X) Profit for the year	27,079.3	59,793.4	71,904.8	862.4
(XI) Other Comprehensive Income				
(i) Items that will not be classified to profit or loss				
Remeasurement gain/(loss) on defined benefit plan	(32.4)	(80.2)	(780.9)	(9.4)
Gain/(loss) on fair valuation of quoted investments in equity shares ..	—	(118.0)	164.9	2.0
(ii) Income tax relating to items that will not be reclassified to profit or loss	8.2	49.9	155.0	1.9
(A) Subtotal	(24.2)	(148.3)	(461.0)	(5.5)
(i) Items that will be classified to profit or loss	(1,608.7)	(146.8)	(561.2)	(6.7)
(ii) Income tax relating to items that will be reclassified to profit or loss	404.9	36.9	141.2	1.7
(B) Subtotal	(1,203.8)	(109.9)	(420.0)	(5.0)
Other Comprehensive Income (A+B)	(1,228.0)	(258.2)	(881.0)	(10.5)
(XII) Total Comprehensive Income for the year (X+XI)	25,851.3	59,535.2	71,023.8	851.9
(XIII) Earnings per equity share				

Particulars	Year ended March 31,			
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million) ⁽¹⁾
	(Unconsolidated)			
Basic (INR).....	101.7	159.7	191.6	2.3
Diluted (INR).....	101.7	159.0	191.0	2.3

Notes:

- (1) The audited unconsolidated financial statements as of and for the year ended March 31, 2024 have been translated into U.S. dollars at the rate of INR 83.3739 per U.S.\$1.00 (the closing exchange rate on March 31, 2024 was based on the FBIL Reference Rate).

Unconsolidated Balance Sheet as of March 31, 2024 and September 30, 2024

	As of March 31, 2024	As of September 30, 2024	
	(INR million)	(INR million)	(U.S.\$ million) ⁽¹⁾
	(Audited)	(Unaudited)	
	(Unconsolidated)		
Assets			
Financial assets			
Cash and cash equivalents	60,133.7	110,289.8	1,316.3
Bank Balance other than above	47,992.7	61,252.3	731.0
Derivative financial instruments	3,304.8	3,098.6	37.0
Receivables.....			
(I) Trade Receivables	516.3	242.7	2.9
(II) Other Receivables	3,329.6	2,922.7	34.8
Loans	2,079,294.1	2,246,547.3	26,812.0
Investments.....	106,566.4	114,330.2	1,364.5
Other Financial assets	682.4	709.9	8.5
Non-Financial Assets			
Current tax assets (net)	5,725.1	6,873.9	82.0
Deferred tax assets (net)	28,840.3	33,030.0	394.2
Investment Property.....	9.8	-	-
Property, plant and equipment	8,457.7	9,207.6	109.9
Right of use assets	-	-	-
Intangible assets under development	-	37.2	0.4
Goodwill.....	14,067.3	14,067.3	167.9
Other Intangible assets.....	10,339.3	8,835.7	105.5

	As of March 31, 2024	As of September 30, 2024	
	(INR million)	(INR million)	(U.S.\$ million) ⁽¹⁾
	(Audited)	(Unaudited)	
		(Unconsolidated)	
Other non-financial assets.....	3,500.6	3,653.1	43.7
Assets held for sale.....	-	15,632.1	186.6
Total Assets	2,372,760.1	2,630,730.4	31,397.2
Liabilities			
Financial Liabilities			
Payables			
Derivative Financial Instruments.....	-	0.7	-
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	0.2	-	-
(ii) Total outstanding dues of creditors other than microenterprises and small enterprises.....	2,117.6	2,977.9	35.5
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	22.5	5.8	0.1
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.....	31.6	11.9	0.1
Debt Securities.....	449,486.1	561,470.9	6,701.0
Borrowings (other than debt securities).....	921,488.0	984,642.8	11,751.5
Deposits	444,436.6	501,964.1	5,990.8
Subordinated Liabilities.....	43,000.7	30,118.4	359.5
Other Financial liabilities	18,479.9	18,905.1	225.6
Non-financial liabilities			
Current tax liabilities (net).....	2,377.9	5,007.6	59.8
Provisions	2,962.1	3,167.3	37.8
Other non-financial liabilities	2,673.0	1,101.8	13.2
Total Liabilities	1,887,076.2	2,109,374.3	25,174.9
Equity			
Equity share capital	3,757.9	3,759.9	44.9
Other equity	481,926.0	517,596.2	6,177.4
Total Equity.....	485,683.9	521,356.1	6,222.3
Total Liabilities and Equity	2,372,760.1	2,630,730.4	31,397.2

Notes:

- (1) The reviewed unaudited standalone financial statements as of and for the six months ended September 30, 2024 have been translated into U.S. dollars at the rate of INR 83.7888 per U.S.\$1.00 (the closing exchange rate on September 30, 2024 was based on the FBIL Reference Rate).

Unconsolidated Balance Sheet as of March 31, 2022, 2023 and 2024

	As of March 31,			
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million) ⁽¹⁾
	(Unconsolidated)			
Assets				
Financial assets				
Cash and cash equivalents	106,624.4	95,053.0	60,133.7	721.3
Bank Balance other than above	56,927.2	63,121.1	47,992.7	575.6
Derivative financial instruments	2,014.0	6,688.1	3,304.8	39.6
Receivables.....				
(I) Trade Receivables	53.5	170.0	516.3	6.2
(II) Other Receivables	1,904.9	2,601.2	3,329.6	39.9
Loans	1,166,651.5	1,719,845.8	2,079,294.1	24,939.4
Investments.....	68,091.6	85,650.6	106,566.4	1,278.2
Other Financial assets	514.5	727.0	682.4	8.2
Non-Financial Assets				
Current tax assets (net)	2,282.4	7,169.7	5,725.1	68.7
Deferred tax assets (net)	8,693.8	17,439.2	28,840.3	345.9
Investment Property.....	19.7	26.2	9.8	0.1
Property, plant and equipment.....	1,105.6	6,997.0	8,457.7	101.4
Right of use Assets	3,025.2	-	-	-
Intangible assets under development	—	660.8	—	-
Goodwill.....	—	14,067.3	14,067.3	168.7
Other Intangible assets.....	30.4	12,176.5	10,339.3	124.0
Other non-financial assets.....	3,122.2	4,245.1	3,500.6	42.0
Total Assets	1,421,060.9	2,031,736.5	2,372,760.1	28,459.3
Liabilities				
Financial Liabilities				
Payables.....				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	0.2	—	0.2	0.0
(ii) Total outstanding dues of creditors other than microenterprises and small enterprises	1,660.1	2,932.4	2,117.6	25.4
(II) Other Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	14.6	3.6	22.5	0.3

As of March 31,				
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million) ⁽¹⁾
	(Unconsolidated)			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12.1	10.9	31.6	0.4
Debt Securities.....	412,565.5	436,525.9	449,486.1	5,391.2
Borrowings (other than debt securities).....	466,769.3	735,900.2	921,488.0	11,052.5
Deposits	219,489.8	361,398.3	444,436.6	5,330.6
Subordinated liabilities	46,142.5	45,238.5	43,000.7	515.8
Other financial liabilities	8,596.4	15,841.2	18,479.9	221.7
Lease liabilities	3,494.3	—	—	—
Non-financial liabilities				
Current tax liabilities (net).....	368.2	1,608.9	2,377.9	28.5
Provisions	1,381.8	2,114.8	2,962.1	35.5
Other non-financial liabilities	1,244.2	1,997.5	2,673.0	32.1
Total Liabilities	1,161,739	1,603,572.2	1,887,076.2	22,633.9
Equity				
Equity share capital	2,705.2	3,744.3	3,757.9	45.1
Other equity	256,616.7	429,322.1	481,926.0	5,780.3
Total Equity	259,321.9	433,066.4	485,683.9	5,825.4
Total Liabilities and Equity	1,421,060.9	2,036,638.6	2,372,760.1	28,459.3

Notes:

- (1) The audited unconsolidated financial statements as of and for the year ended March 31, 2024 have been translated into U.S. dollars at the rate of INR 83.3739 per U.S.\$1.00 (the closing exchange rate on March 31, 2024 was based on the FBIL Reference Rate).

CAPITALIZATION

Set out below is our Company's unconsolidated total borrowings and shareholders' funds as of September 30, 2024, as derived from its reviewed unaudited standalone financial statements as of and for the six months ended September 30, 2024. For additional information, see our Company's Condensed Unconsolidated Interim Financial Statements and the notes thereto included elsewhere in this Offering Circular.

	As of September 30, 2024	
	(INR million)	(U.S.\$ million)
	(Reviewed)	
Borrowing:		
Debt Securities.....	561,470.9	6,701.0
Borrowings	984,642.8	11,751.5
Deposits	501,964.1	5,990.8
Subordinated liabilities	30,118.4	359.5
Total Borrowings as per IND-AS	<u>2,078,196.2</u>	<u>24,802.8</u>
Shareholders' Funds:		
Share capital	3,759.9	44.9
Other equity	517,596.2	6,177.4
Shareholders' Funds as per IND-AS	<u>521,356.1</u>	<u>6,222.3</u>

There has been no material change in our Company's unconsolidated total borrowings and shareholders' funds since September 30, 2024.

RISK FACTORS

This Offering Circular contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Circular before making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of our Company and the terms of the offering of the Notes. The risks described below are not the only ones faced by our Company or investments in India in general. Our Company's business, prospects, financial condition, cash flows and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect our Company's ability to make payment on the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not presently known to our Company or that our Company currently deem immaterial may also impair their respective business, prospects, financial condition, cash flows and results of operations.

Risks relating to our Company and its Business

We are exposed to certain risks relating to the Merger.

SCUF and SCL (together, the “**Merged Entities**”) merged with our Company following the approval of the Merger by the NCLT pursuant to an order dated November 14, 2022, supplemented by an order dated November 17, 2022, with an appointed date of April 1, 2022.

The Merger may expose our Company to potential risks, including risks associated with the integration of new offices, operations, redeployment of employees, unforeseen or hidden liabilities, employee misconduct, the diversion of resources and management attention from existing businesses, any of which could affect our business and financial performance.

Instability of global and Indian economies and banking and financial sectors could affect the liquidity of our Company, which could have a material adverse effect on our Company's financial condition.

The evolving banking crisis may heighten volatility in global financial markets and increase rates of default and bankruptcy. These macroeconomic developments could negatively affect our business, operating results, or financial condition in a number of ways. For example, a rise in prevailing interest rates would increase our cost of borrowings and our net interest margin could be adversely affected as the interest payable by us on our borrowings could increase at a higher rate than the interest received by us on our assets. Furthermore, if the banking system or the financial markets continue to deteriorate or remain volatile, our investment portfolio may be impacted and the values and liquidity of our investments could be adversely affected.

In particular, the credit markets in India have faced significant volatility, dislocation and liquidity constraints in the past three financial years. The instability in the Indian and international credit markets has in the past resulted from significant write downs in the asset values of certain financial institutions including banks (primarily in the public sector), housing finance companies and NBFCs. Any protracted instability in the Indian and international credit markets or other macro-economic factors that impact the overall liquidity available in the Indian and international credit markets (in general or the amount of credit available to NBFCs in particular) could adversely impact our ability to raise funds in a timely manner and at commercially acceptable terms. The non-availability of credit may lead to a disruption in our business, including asset-liability mismatches and an inability to grow our business, and may require our Company to seek alternate sources of funding, which may not be available on commercially acceptable terms or at all.

Our financial performance is highly sensitive to interest rate volatility.

Our results of operations are substantially dependent upon the level of our net interest margins, which is the difference between our interest income and interest expense, as a percentage of total income. Our net interest margin as of September 30, 2024 was 8.74% per our financial results on an unconsolidated basis. We

provide loans at fixed rates of interest, and we borrow funds on both fixed and floating rates. As of September 30, 2024, 81.60% of our borrowings were at fixed rates and 18.40% were at floating interest rates on an unconsolidated basis. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates (and we typically do not have an escalation clause in our agreements), amounts and for periods which may differ from our funding sources.

Volatility in interest rates can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, we may not be able to pass on increased costs of funds to customers with fixed rate loan agreements, resulting in an adverse impact on our net interest income and net interest margins. However, even for floating rate loan agreements, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Additional risks arising from increasing interest rates, among others, include:

- increases in the rates of interest charged on various loans in our loan portfolio, which could result in the extension of loan maturities and higher monthly instalments due from borrowers which, in turn, could result in higher rates of default;
- reductions in the volume of loans as a result of customers' inability to service high interest rate payments; and
- reductions in the value of fixed income securities held in our investment portfolio.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive, and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. In addition, difficult conditions in the global and Indian economies can affect the availability of credit. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in market value of our securities portfolio and other fixed income securities. We cannot assure that we will enter into any interest rate hedging instruments to adequately hedge against interest rate volatility in the future.

Our business requires raising substantial capital through borrowings, and any disruption in funding sources would have a material adverse effect on our liquidity, financial condition and/or cash flows.

As an investment and credit company, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements are predominantly met through term loans from banks (including cash credit and external commercial borrowings), the issue of non-convertible debentures, deposits (including public and corporate deposits), and external commercial bond which constituted 30.79%, 17.93%, 24.15% and 7.43% of our total borrowings, respectively, as of September 30, 2024 on an unconsolidated basis. As of September 30, 2024, 75.80% of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 24.20% consisted of funds raised through retail borrowings on an unconsolidated basis. Our credit providers include nationalized banks, private Indian banks, foreign institutional investors and foreign banks and we also rely on domestic retail investors. Our business, therefore, depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the economic and regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, the strength of our lenders, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our financing agreements and our current and future results of operations and financial condition.

An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our Company's cost of funds and make it difficult for our Company to access financing in a cost-effective manner. For example, in the year ended March 31, 2019, there were defaults by certain large

NBFCs, which resulted in heightened concern about the systemic risks that Indian financial institutions face. This led to tightening in liquidity available to certain NBFCs. Any event affecting the market sentiment surrounding the sector could adversely affect our borrowing capability. Any such disruption in our ability to access primary funding sources at competitive costs would have a material adverse effect on our liquidity, financial condition and/or cash flows.

If we are unable to manage the level of Non-Performing Assets or Stage 3 Assets in our loan portfolio, our financial position, results of operations and cash flows may suffer.

In the past, we have seen increasing levels of Non-Performing Assets (“NPAs”) and Stage 3 Assets in our loan portfolio. Our Stage 3 Assets as of September 30, 2024 were INR 127,642.3 million and our Stage 3 Assets net of Stage 3 Provisions as on September 30, 2024 were INR 61,656.3 million, on an unconsolidated basis. For further information on the movement of our Stage 3 Assets and Stage 3 Provisions, see “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Significant Factors Affecting our Results of Operations*”.

A number of factors outside of our control affect our ability to limit and reduce NPAs and Stage 3 Assets. These factors include developments in the Indian and global economy, domestic or global turmoil, competition, changes in customer behavior and demographic patterns, various central and state government decisions, changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI or permitting only select methods of recovery. These factors, coupled with other factors such as decline in business and consumer confidence, could impact our customers and in turn impact their ability to fulfil their obligations under the loans we extended to them. We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs, or otherwise adequately control our level of NPAs in the future. RBI regulations issued in 2014 had mandated a shorter time period for classifying assets as NPAs so as to ensure that there is no difference between banks and NBFCs in relation to the classification of NPAs. Pursuant to these RBI regulations, we decreased the time period for classifying our assets as NPAs from 180 days to 150 days in March 2016 and decreased the time period further to 120 days in March 2017 and to 90 days in March 2018. As a consequence, there has been an increase in our Gross NPAs, and we have lost the regulatory arbitrage we enjoyed *vis-a-vis* banks in relation to classification of assets as NPAs.

In certain cases where a customer has delayed payments but has demonstrated an ability to continue servicing the relevant loan, we generally do not enforce the security and seize the financed asset, but we allow the loan to remain outstanding and continue without restructuring, which can adversely affect the position of our asset quality and Stage 3 Assets/ECL provisioning. There can also be no assurance that in such cases the customer would not continue to delay payments, which could adversely affect our profitability and cash flows.

If we are not able to control or reduce our level of Stage 3 Assets, the overall quality of our loan portfolio may deteriorate, and our results of operations and/or cash flows may be adversely affected. Furthermore, although we believe our current provisioning for Stage 3 Assets/ECL is comparable with industry standards, in the future, our provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or Stage 3 Provisions coverage as a percentage of Stage 3 Assets or otherwise, or that the percentage of NPAs/Stage 3 Assets that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any deterioration in our NPA/Impaired portfolio, there could be an even greater adverse impact on our results of operations and cash flows.

As of September 30, 2024, our Stage 3 Provisions coverage was 51.70%. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our Stage 3 Assets. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross Stage 3 Assets or otherwise or that the percentage of Stage 3 Assets that we will be able to recover will be similar to our past Stage 3 Assets recovery experience.

The restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non-Banking Financial Companies dated April 24, 2024, as amended, may restrict our ability to obtain bank financing for specific activities.

The RBI has imposed certain restrictions on banks providing financing to NBFCs. Certain NBFC activities are ineligible for financing by banks, such as certain types of discounting and rediscounting of bills, investments of both current and long term nature by way of shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies, or lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans, inter - corporate deposits provided by the NBFCs and subscription to shares or debentures by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

The Master Circular also imposed restrictions regarding investments made by banks in securities / instruments issued by NBFCs as follows:

- (i) Banks cannot invest in zero coupon bonds issued by NBFCs unless the issuer NBFC builds up sinking fund for all accrued interest and keeps it invested in liquid investments / securities (government bonds); and
- (ii) Banks are permitted to invest in Non-Convertible Debentures (“NCDs”) issued by NBFCs with original or initial maturity for up to a year NBFCs. However, while investing in such instruments banks should be guided by the extant prudential guidelines in force, ensure that the issuer has disclosed the purpose for which the NCDs are being issued in the disclosure document and such purposes are eligible for bank finance in terms of instructions given in the preceding paragraphs.

Banks’ exposures to a single NBFC (excluding gold loan companies) will be restricted to 20% of their eligible capital base (Tier I capital). However, based on the risk perception, more stringent exposure limits in respect of certain categories of NBFCs may be considered by banks. Banks’ exposures to a group of connected NBFCs or group of connected counterparties having NBFCs in the group will be restricted to 25% of their Tier I Capital as detailed in the circular on Large Exposures Framework dated June 3, 2019 read with the circular on Large Exposures Framework dated September 12, 2019.

These restrictions may adversely affect our access to or the availability of bank finance, which may in turn adversely affect our financial condition and results of operations.

Adverse developments in the commercial vehicle sector would adversely affect our results of operations.

As we provide substantial financing for new and pre-owned commercial vehicles, our asset and NPA/Stage 3 Assets portfolios have, and will likely continue in the future to have, a high concentration of new and pre-owned commercial vehicle financing arrangements. As of September 30, 2024, our assets under our management product portfolio comprised loans for commercial vehicles, passenger vehicles, construction equipment, farm equipment, MSME, two-wheelers, gold and personal loans, which constituted 46.16%, 20.16%, 7.26%, 1.84%, 13.29%, 5.39%, 2.50% and 3.40%, respectively, of our total Assets Under Management, on an unconsolidated basis.

Our business is, therefore, dependent on various factors that impact this customer segment, such as the demand for transportation services in India, changes in Indian regulations and policies affecting pre-owned commercial vehicles, natural disasters and calamities, and the macroeconomic environments in India and globally.

For example, prolonged lockdowns due to the COVID-19 pandemic adversely affected the pre-owned commercial vehicle sector as RTOs and dealers were not operational during the period in order to undertake fresh registration of vehicles. As a result, the repayment capacity by our customers of the loans issued by us were adversely impacted. While certain moratorium measures were introduced, a significant impact on the long-term deterioration in customers' repayment capacity may lead to deterioration in our asset quality or delayed recoveries and increased Stage 3 Assets.

Furthermore, the Ministry of Road Transport and Highways (“MoRTH”) has introduced a vehicle scrappage policy, which reduces the overall life and roadworthiness of commercial vehicles leading to a shift in preference for newer vehicles. The Central Motor Vehicles Rules, 1989 have been recently amended in accordance with the vehicle scrappage policy and based on recent amendments, there are greater incentives to acquire new vehicles, which has led to reduced demand for pre-owned commercial vehicles and, in turn, the demand for financing of pre-owned commercial vehicles.

A continued decline in demand for financing of pre-owned commercial vehicles may adversely affect our financial condition, the results of our operations and/or cash flows. As ownership of older vehicles may also increase costs associated with renewing permits and registrations, commercial vehicle owners and/or operators may be unable to perform their obligations under existing financing agreements if their businesses are adversely affected, which may adversely affect our financial condition, the results of our operations and/or cash flows.

Our business, to a large extent, also depends on the continued growth in the automobile and transportation industry in India, which is influenced by a number of extraneous factors which are beyond our control including (a) the macroeconomic environment in India, (b) the demand for transportation services, (c) natural disasters and calamities, and (d) changes in regulations and policies in connection with motor vehicles. For example, individual borrowers, first-time buyers (“FTBs”) and small road transport operators (“SRTOs”) are generally less financially resilient than larger corporate borrowers or fleet owners, and as a result, can be more adversely affected by declining economic conditions. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer. Such factors may result in a decline in the sales or value of new and pre-owned commercial vehicles.

As a result of the above, any factor that adversely impacts the commercial vehicle segment may have a disproportionate impact on our operations, profitability and cash flows.

High levels of customer defaults could adversely affect our business, financial condition, results of operations and cash flows.

We are subject to customer default risks, including default or delay in repayment of principal or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition, results of operations and cash flows will be adversely impacted.

In addition, our customer portfolio principally consists of individuals and small enterprise borrowers that lack banking habits and who often do not have any credit history supported by tax returns and other related documents which makes it harder for us to assess their creditworthiness. Individual borrowers generally are less financially resilient than larger corporate borrowers and, as a result, they can be more adversely affected by declining economic conditions and may be unable to make timely payments in respect of the loans availed by them.

Furthermore, unlike several developed economies, a nationwide credit bureau covering our customers does not exist in India, and there is less financial information available to assess the creditworthiness of individuals. It is therefore difficult to carry out precise credit risk analyses on our customers. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. We cannot be certain that our risk management controls are or will continue to be sufficient or that additional risk management policies for individual borrowers will not be required.

Failure to continuously monitor the loan contracts, particularly for individual borrowers, could adversely affect our credit portfolio, which could have a material and adverse effect on our results of operations, financial condition and cash flows.

We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

Our secured Assets Under Management are typically secured by a mix of both movable and immovable assets or other forms of collateral, depending on the nature of the product. The value of certain types of assets may decline due to inherent operational risks, the nature of the asset secured in our favor, and adverse market and economic conditions. Consequently, the realizable value of the collateral for the credit facility provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses.

For instance, in the auto loans and two-wheeler financing segments, the vehicles purchased by our customers are hypothecated in our favor as security for the loans provided by us and in the case of a default, we may repossess the financed commercial vehicles and sell such vehicles. The hypothecated vehicles, being movable property, may be difficult to locate or seize in the event of any default by our customers and there can be no assurance that we will be able to successfully repossess the vehicles or sell such vehicles at prices sufficient to cover the amounts under default.

For personal loans and loans to small enterprises, we typically require immovable or movable property to be provided as collateral for the value of the loan amount, in the absence of which the borrower is typically required to furnish a guarantee. For gold loans provided by us, gold jewellery and/or ornaments are provided as collateral. Our housing loans are secured primarily by equitable or registered mortgages over property. As a result, 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 the value of gold and real estate.

In addition, a failure or delay to recover the expected value from sale of collateral security could expose us to a potential loss. Furthermore, enforcing our legal rights by litigating against defaulting customers, even via arbitration, is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. The recovery of monies from defaulting customers may be further compounded by the fact that we do not generally insist on, or receive, post-dated cheques as security towards the timely repayment of dues from customers to whom we have provided loans. Furthermore, if we are unable to sell any repossessed assets provided as security for such loans at commercially favorable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed assets and our operations, cash flows and profitability could be adversely affected.

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. Furthermore, our growth depends on our ability to compete effectively in this competitive environment.

The financial services market in India is served by a range of financial entities, including traditional banking institutions, public sector banks, NBFCs and small finance banks. Our primary competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, microfinance companies and private unorganized and informal financiers who primarily operate in local markets. Our competitors may have greater financial resources, may be larger in terms of business volume and customer base, have greater brand recognition among customers, better institutional distribution platforms, may have more attractive schemes for customers and may have lower costs of funds compared to us. Moreover, as interest rate is a key factor driving a customer's decision in selecting a financier, competitors may offer loans at lower rates, owing to access to lower cost of capital, to retain market share. This competition is likely to further intensify as more international and domestic players enter the Indian financial services industry as a result of regulatory changes. Our future success will depend, to a large extent, on our ability to respond in a timely and effective manner to these competitive pressures.

Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector in India, our loan products

are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive financing industry. Increasing competition may have an adverse effect on our net interest margin and other income, and if we are unable to compete successfully, our market share may decline.

Our Company is involved in certain legal proceedings which, if determined against us, could have a material adverse effect on our goodwill, financial condition, results of operations and cash flows.

Our Company has been involved in a number of legal proceedings that have arisen in the ordinary course of our business or which are incidental to our business and operations, including certain criminal proceedings, civil proceedings, tax proceedings and cases under the Negotiable Instruments Act, 1881. While certain proceedings have been decided in our favor in the past, if certain other proceedings are determined against us, it could have had a material adverse effect on our goodwill, financial condition, operation results and cash flows.

There can be no assurance that criminal or other action will not be taken against our Company and/or any senior management party in the future.

For further information relating to such proceedings, see “Our Business – Legal Proceedings”.

We handle high volumes of cash and gold jewellery across our network of branches, and we consequently face the risk of misappropriation or fraud by our employees.

A significant portion of our collections from our customers is in cash, and we also handle high volumes of gold jewelry across our network of branches, which exposes us to the risk of fraud, misappropriation or unauthorized transactions by our employees responsible for dealing with such collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. While we have taken insurance policies and coverage for cash in safes and in transit, and undertake measures to detect and prevent any unauthorized transaction, fraud or misappropriation by our representatives and officers, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations, profitability and cash flows. We primarily cater to customers from the rural and semi-urban markets, which carries additional risks due to limitations on infrastructure and technology. Given the high number of transactions we process daily, certain instances of fraud and misconduct may go unnoticed or may only be discovered after a significant period has elapsed if at all. Even when we discover such instances of fraud or theft and pursue them to the full extent of the law, there can be no assurance that we will recover any of the amounts involved in these cases. Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same asset and unauthorized collection of installments on behalf of our Company. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill, business, financial condition and operation results.

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

As of September 30, 2024, we had outstanding secured debt of INR 1,511,773.1 million (U.S.\$ 18,042.7 million), on an unconsolidated basis, and outstanding unsecured debt of INR 566,423.1 million (U.S.\$ 6,760.1 million), on an unconsolidated basis. We will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our immovable, movable and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates;
- there could be a material adverse effect on our business, financial condition, results of operations and cash flows if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions. Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; and creating any further security interest on the assets upon which the existing lenders have a prior charge. Our financing agreements also typically contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios, debt-to-net worth ratios, or Tier I to Tier II capital ratios that align with statutory or regulatory requirements. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

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. Furthermore, 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, financial condition, results of operations and cash flows.

If the performance of our portfolios relating to various credit and financing facilities deteriorates, our business, financial condition, results of operations and cash flows may be adversely affected.

We have in the past acquired, and may in the future continue to acquire, portfolios relating to various credit and financing facilities from various originators, including banks and other institutions in the ordinary course of our business. There can be no assurance that we will not experience any deterioration in the performance of any loan portfolio acquired by us or that may be acquired by us in the future. Any deterioration in such loan portfolios acquired by us, and an inability to seek recourse against loan portfolio originators, or otherwise recover the investments made in connection with the acquisition of such loan portfolios, would adversely impact our earnings realized from such loan portfolios and may adversely affect our business, financial condition and results of operations.

We may not be able to successfully sustain our growth strategy.

In recent years, we have experienced substantial growth. Our growth strategy includes growing our branch network and presence in rural centers. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our branch network and presence too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face several operational risks in executing our growth strategy. We have experienced rapid growth in our operations; our branch network has expanded significantly, and we are entering into new, smaller towns and cities within India as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks, including business risks, such as the possibility that a number of our impaired loans may grow faster than anticipated, as well as operational risks, fraud risks and regulatory and legal risks. It will also place significant demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of customers, developing managerial experience to address emerging challenges and ensuring a high standard of customer service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, 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.

We may not be able to successfully consolidate and expand our product portfolio.

We intend to consolidate and expand our product portfolio as part of our growth strategy. As of September 30, 2024, our assets under our management product portfolio comprised loans for commercial vehicles, passenger vehicles, construction equipment, farm equipment, MSME, two-wheelers, gold and personal loans, which constituted 46.16%, 20.16%, 7.26%, 1.84%, 13.29%, 5.39%, 2.50% and 3.40%, respectively, of our total Assets Under Management, on an unconsolidated basis.

We cannot assure you that such diversification or expansion of operations will in the future yield or continue to yield favorable or expected results, as our overall profitability and success will be subject to various factors, including, among others, our ability to obtain necessary statutory and/or regulatory approvals and licenses, our ability to effectively recruit, retain and motivate appropriate managerial talent and ability to compete with banks and other NBFCs that are already well established in this market segment, as well as our ability to effectively absorb additional infrastructure costs.

Our growth strategy will require significant capital investments and commitments of time from our senior management and there also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Any failure to diversify or expand our operations may result in our inability to recover pre-operative expenses and launch costs. Our inability to effectively manage any of these issues could materially and adversely affect our business and impact our future financial performance and/or cash flows.

Our current joint auditors provided a matter of emphasis relating to the Financial Statements of our Company. We cannot assure you whether such matter of emphasis will not arise in the future.

Our current joint auditors included a matter of emphasis in their report to the Financial Statements as of for the year ended March 31, 2022, which drew attention to the additional expected credit loss provision on account of COVID-19 that has been determined based on the Company's historical experience, collection efficiencies, internal assessment, and other forward-looking factors on account of the pandemic. For details, see our audited consolidated financial statements as of and for the year ended March 31, 2022, starting on page F-586, of this Offering Circular. Investors should consider these matters in evaluating our financial position,

cash flows and results of operations. There is no assurance that our auditors' reports for any future fiscal periods will not contain such matters of emphasis.

Our loans to small enterprises businesses depend on the performance of the small enterprises sector in India, and government policies and statutory and/or regulatory reforms in the small enterprises finance sector.

As of September 30, 2024, our Assets Under Management in the small enterprise finance segment amounted to INR 322,996.8 million, comprising 13.29% of our Assets Under Management on an unconsolidated basis. The Government of India has from time to time taken economic policy initiatives to promote this sector and enhance credit to small and medium enterprises. Some of the initiatives of the Government to support small enterprise financing include setting up a credit guarantee fund trust for small industries, risk sharing facilities, venture capital funding and micro credit. The small enterprises finance sector currently is catered to largely by public sector banks, public financial institutions and local unorganized private financiers.

Any change in the regulatory requirements in connection with the small enterprise finance sector, change in government policies, slowdown in liberalization and reforms affecting the sector could affect the performance of small enterprises and demand for small enterprise finance, and, in turn, our business and results of operations.

Our gold loans business could be adversely impacted by RBI requirements in connection with lending against security of gold jewellery.

Pursuant to the Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**RBI SBR Directions**”), all NBFCs must (i) maintain an LTV ratio not exceeding 75% for loans granted against the collateral of gold jewellery, and (ii) disclose in their balance sheet the percentage of such loans to their total assets.

In order to standardize the valuation and make it more transparent to the borrower, gold jewelry accepted as collateral is required to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the Bombay Bullion Association Limited or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. While accepting the gold as collateral, the NBFCs are required to give a certificate to the borrower, on their letter head, of having assayed the gold and state the purity (in terms of carats) and the weight of the gold pledged.

As of September 30, 2024, our Assets Under Management in the gold loans segment was INR 60,804.6 million, comprising 2.50% of our Company's total Assets Under Management as of such date, on an unconsolidated basis. There can be no assurance that the regulatory regime governing gold-backed financing by NBFCs will not be made more stringent in the future. Any such developments could adversely impact our gold loans business, thereby affecting our growth, operations, profitability and cash flows.

Our loan portfolio may no longer continue to be classified as priority sector advances by the RBI.

The RBI currently mandates domestic commercial banks (excluding regional rural banks and small finance banks) operating in India, and foreign banks, to maintain an aggregate 40.00% of adjusted net bank credit or a credit equivalent amount of off-balance-sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro, small and medium enterprises, export credit, education loans, housing loans, loans for building social infrastructure and renewable energy and advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialized institutions such as us that are better positioned to or exclusively focus on originating such assets for meeting these targets, through co-origination of such assets, purchase of assets or investments in securitized assets.

In the event that any part of our loan portfolio is no longer classified as a priority sector advance by the RBI, or if the commercial banks start direct provision of priority sector advances or the laws relating to priority sector lending as applicable to the banks undergo a change, our ability to securitize or assign our asset pool

will be hampered, which may adversely affect our financial condition, results of operations and/or cash flows. While scheduled commercial banks may still choose to lend to NBFCs they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation.

As a result of these developments, our access to funds and the cost of our capital may be adversely affected and to the extent we are unable to secure replacement funding at similar cost or at all, our results of operations could be adversely affected.

We may experience difficulties in expanding our business into new regions and markets in India.

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with customers. In particular, some of our competitors may have operational advantages in terms of access to broader knowledge sources and customer base and implementation of newer technologies and rationalizing related operational costs.

As of September 30, 2024, we had 3,149 branches and presence in 679 rural centers. If we were to expand our branch network further, any such expansion may be hit by challenges localized to such centers, including any political instability, terrorism or military conflict in these regions, occurrence of natural or man-made disasters, infectious disease outbreaks or other serious public health concerns, dependence on adequate monsoon and lower employment opportunities compared to urban areas. If we grow our branch network and presence too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

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

We face difficulties and incur additional expenses in operating from rural and semi urban areas, where infrastructural facilities are limited.

A portion of our operations are conducted in rural and semi urban areas, which may have limited infrastructure, particularly for transportation and electricity. At offices in remote markets, we face certain difficulties in conducting such operations, such as accessing power facilities, transporting people and equipment and maintaining profitability at branches in remote areas. Furthermore, our branches in rural and semi-urban areas may not have uninterrupted internet access owing to limited network connectivity, which could adversely affect data processing by such outlets on our ERP platform. We may also face increased costs in implementing security measures and expanding our advertising presence. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban areas, which could adversely affect our profitability.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position and ability to meet our obligations.

In relation to our subordinated debt programme, as of the date of this Offering Circular, we had ratings of "CARE AA+/Stable" from CARE, "IND AA+/Stable outlook" from India Ratings & Research Private Limited and "CRISIL AA+/Stable" from CRISIL.

In relation to fixed deposits, we currently have ratings of "IND AA+/Stable" from India Ratings & Research Private Limited and "ICRA AA+ (Stable)" from ICRA.

In relation to our non-convertible debentures, we have received a "CRISIL AA+/Stable" rating from CRISIL, "IND AA+/Stable outlook" rating from India Ratings & Research Private Limited and "CARE AA+/Stable" rating from CARE. "ICRA AA+ (Stable)" from ICRA and "B" from Standard & Poor's Ratings.

In relation to our short term debt instruments, we have also received short term ratings of "CRISIL A1+" from CRISIL, "IND A1+" from India Ratings & Research Private Limited and "CARE A1+" from CARE Ratings Ltd, and "B" from Fitch Ratings and for our long-term debt instruments, we have received long-term ratings of "CARE AA+/Stable" from CARE, "IND AA+/Stable outlook" from India Ratings and Research Private Limited, "CRISIL AA+/Stable" from CRISIL, "BB/Stable" from Standard & Poor's Ratings, "BB Rating/Stable" from Fitch Ratings, and "BB" from Standard & Poor's for Senior Secured Notes.

The Programme has been rated "BB" by Standard & Poor's Ratings and "BB" by Fitch Ratings.

The Long-term Credit Rating of the Company is "BB/Stable" from Fitch Ratings and "BB /Stable" from Standard & Poor's Ratings and the Short- term Credit Rating of the Company is "B" from Fitch Ratings.

In relation to our structured principal protected – market linked debenture (PP-MLDs), we have received a "CRISIL PP-MLD AA+r/Stable" from CRISIL.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. A downgrade of our credit ratings could also result in our lenders accelerating the repayment of certain of our borrowings in accordance with the terms and conditions of such borrowing arrangements. The ratings provided by credit rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Any such adverse development could adversely affect our business, financial condition, results of operations and cash flows.

If we are unable to successfully expand, maintain or leverage our partnership arrangements with private financiers involved in commercial vehicle financing, our business prospects, results of operations, financial conditions and cash flows may be adversely affected.

Our partnership and co-financing arrangements with private financiers involved in commercial vehicle financing across India is an integral part of our growth strategy. We enter into strategic partnership agreements with private financiers ranging from individual financiers and small local private financiers, including other NBFCs, to capitalize on their local knowledge, infrastructure and personnel base of our partners in order to source new customers. Our co-financing arrangements include various revenue-sharing arrangements at pre-determined amounts. For further information on our co-financing arrangements, see "*Our Business – Our Company's Operations – Customer Origination – Partnership and Co-financing Arrangements with Private Financiers*".

There can be no assurance that our partners will comply with the procedural and other conditions specified by us in connection with our arrangements with them in the context of customer origination, the

credit appraisal process, loan administration and monitoring and any loan recovery processes, or that our partners will not act in any manner that could adversely affect our reputation, brand, customer relationships or business interests. For example, we have in the past experienced certain instances of fraud by certain of our partners. There can also be no assurance that we will be able to leverage and benefit from our partnership arrangements to effectively source a sufficient volume of new customers and business commensurate to the revenue-sharing and other incentives provided to our partners under our arrangements with them.

In addition, we may not be able to identify suitable private financiers in the future with whom we can successfully partner through such arrangements, or in joint marketing and customer support activities, and there can be no assurance that we will be able to ensure any level of success with such partnership arrangements for any sustained period of time. Furthermore, there can be no assurance that there will not be any dispute with such partners in the future. If we are unable to successfully expand, maintain or leverage our partnership arrangements and relationship with our partners, our business prospects, results of operations, financial conditions and cash flows may be adversely affected.

A decline in our capital adequacy ratio could restrict our future business growth.

All NBFC-ULs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, of not less than 15.0% (with a minimum Common Equity Tier 1 Capital of 9.0% of risk weighted assets, as applicable to NBFC-ULs) of its aggregate risk-weighted assets on balance sheet and risk-adjusted value of off-balance sheet items. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 20.16% as of September 30, 2024, with Tier 1 capital comprising of 19.36% on an unconsolidated basis. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, and this may adversely affect the growth of our business.

As part of our business strategy, we assign or securitize a substantial portion of our loan assets to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned or securitized to banks and other institutions may adversely impact our financial performance and/or cash flows.

As part of our means of raising and/or managing our funds, we assign or securitize a substantial portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitization transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In the six months ended September 30, 2024, funds raised through securitization and assignment of assets were INR 152,485.0 million (U.S.\$ 1,819.9 million) on an unconsolidated basis. Any change in statutory and/or regulatory requirements in relation to assignments or securitizations by financial institutions, including the requirements prescribed by the RBI and the GoI and the interpretation thereof, could have an adverse impact on our assignment or securitization transactions.

The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- prohibition on carrying out securitization or assignment transactions at rates lower than the prescribed base rate of the bank;
- prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;
- minimum holding period or ‘seasoning’ and minimum retention requirements of assignment and securitization loans; and
- the all-inclusive interest charged to the ultimate borrower by the originating entity should not exceed the investing bank’s marginal cost of funds-based lending rate + 10.0% or external benchmark lending rate + 14.0%.

Any adverse changes in the policy and/or regulations in connection with securitization of assets by NBFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting NBFCs or the purchasers of assets, would affect the securitization market in general and our ability to securitize and/or assign our assets.

The aggregate credit enhancement amounts outstanding as of September 30, 2024 were INR 44,687.1 million (U.S.\$ 533.3 million), on an unconsolidated basis. For such transactions, in the event that a relevant bank or institution does not realize the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement, which could have a material adverse effect on our results of operations, financial condition and cash flows.

System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious codes and other events that could compromise data integrity and security.

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the geographical areas in which we are located.

We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads.

Our business strategy involves a relatively high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of costs and requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations and cash flows.

We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations, profitability and cash flows.

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. Based on the structural liquidity position of our Company as on March 31, 2024 as per the RBI norms, our Company has positive asset liability mismatch of INR 351,454.1 million (U.S.\$ 4,194.5 million) over a period of six months until September 30, 2024. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short-term loans and commercial paper. Consequently, our inability to obtain additional credit facilities or renew our

existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations, financial performance and cash flows. Furthermore, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing debt or to fund our other liquidity needs. Furthermore, changes in economic, regulatory and financial conditions or lack of liquidity in the market due to internal as well as external factors could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

We have certain contingent liabilities which may adversely affect our financial condition.

As of September 30, 2024, we had certain contingent liabilities not provided for, which included a contingent liability as per IND-AS 37 in respect of income tax demands where the Company has filed an appeal before various authorities of INR 562.2 million (U.S.\$ 6.7 million), VAT demand where the Company has filed an appeal before various appellate courts aggregating INR 0.2 million (U.S.\$ 0.0 million), service tax demands where the Company has filed appeals before various authorities of INR 20,566.1 million (U.S.\$ 245.5 million) and other matters for INR 290.0 million (U.S.\$ 3.5 million), on an unconsolidated basis. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. Furthermore, in the event there is a change in any statutory or regulatory requirement with respect to contingent liabilities, our Company may be required to make additional provisions to meet the revised criteria which may have an adverse effect on our financial condition and profitability.

Inaccurate appraisal of credit may adversely impact our business.

We may be affected by the failure of employees to comply with internal procedures and the inaccurate appraisal of credit or financial worth of our customers. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a bad debt on our books of accounts. In the event that we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

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

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC, vehicle finance, real estate and credit sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

Our Promoters, Shriram Capital Private Limited (“SCPL”) and Shriram Ownership Trust (together, the “Promoters”), beneficially own 17.86% and 0.02% of our equity share capital respectively and accordingly

have the ability to exercise significant influence over the outcome of matters submitted to shareholders for approval, and their interests may differ from those of other holders of the Notes.

As of September 30, 2024, SCPL and Shriram Ownership Trust beneficially own 17.86% and 0.02% of our equity share capital respectively. Accordingly, our Promoters have the ability to significantly influence the outcome of matters submitted to shareholders for approval including matters relating to, among others, any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of directors. This could delay, defer or prevent or 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 Promoter continues to exercise significant influence over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of the Noteholders. The Promoter group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

We have entered into certain related party transactions.

We have entered into transactions with related parties as determined under applicable accounting standards. These transactions include a license fee paid to Shriram Value Services Limited ("SVS") pursuant to the License Agreement (as further described in "Our Business – Key Terms of Our Material Agreements"). For further information on our related party transactions, please see the section titled "Selected Financial Information". Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favor.

Any termination or non-renewal of our trademark license, and our inability to register our corporate publicity logo, may adversely affect our goodwill, operations and profitability.

Pursuant to a license agreement dated August 23, 2024 entered into by our Company with Shriram Value Services Limited ("SVS") for a period of 5 years with effect from October 1, 2024, we are entitled to use the brand name "Shriram" and the associated mark. In this regard, our Company paid royalty to SVS calculated on the basis of gross turnover of our Company. Along with the royalty, our Company also paid amount by way of reimbursement of actual expenses incurred by SVS in respect of protection and defense of the intellectual property. The license agreement is valid until September 30, 2029.

We operate in a competitive environment and we believe that brand recognition is one of our significant competitive advantages. If this license agreement is terminated, not renewed or not extended, we may not be entitled to use the brand name "Shriram" and the associated mark for our business operations. Consequently, we will not be able to derive the goodwill that we have been enjoying under the "Shriram" brand, which could result in the incurrence of additional costs and may adversely impact our goodwill, business prospects and operation results.

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

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of customer service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and relationship 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 into 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 are critical to our future, as our business model depends on our

credit appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the commercial vehicle finance sector can be intense. While we have an incentive, structure designed to encourage employee retention, 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, future financial performance and cash flows.

Most of the properties used by our Company are occupied by our Company on lease and/or as shared office space. Any termination or failure to renew the lease(s) or the other agreements in connection with such properties or our failure to renew the same, in a timely manner or at all, could adversely affect our activities.

Currently, most of the properties used by our Company for the purposes of our business activities, including the premises where the registered office of our Company is located, are not owned by us. Termination of leases or other relevant agreements in connection with such properties which are not owned by us or our failure to renew the same, on favorable conditions, in a timely manner, or at all, could require us to vacate such premises at short notice, and could adversely affect our operations, financial condition and profitability.

We are exposed to fluctuations in the market values of our investment and other asset portfolio.

Deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could negatively impact our financial condition and reported income.

Being in the service industry, our operations may be adversely affected if we are unable to attract and retain qualified employees or if relations with employees deteriorate.

As of September 30, 2024, we employed 77,764 full-time employees. Currently, none of our employees are members of any labor union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.

We require certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner or at all and/or on favorable terms and conditions. Failure by us to comply with the terms and conditions to which such permits or approvals are subject and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

We are subject to supervision and regulation by the RBI and other regulatory authorities in India, and changes in regulations governing us could adversely affect our business.

We are regulated principally by, and have reporting obligations to, the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us 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 financial sector.

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. The RBI, from time to time, amends the regulatory framework governing NBFCs to address, among others,

concerns arising from certain divergent regulatory requirements for banks and NBFCs. For further information relating to the regulations and guidelines applicable to us, see “*Regulation and Policies*”.

As a part of its regulatory oversight, the RBI is also entitled to inspect our books of accounts and other records for the purpose of verifying compliance with applicable regulations and the correctness or completeness of any statement, information or particulars furnished to the RBI. The RBI has, in the past, issued observations pursuant to such periodic inspections (on issues such as our asset quality, liquidity and the performance of our board / management committees) and we had given clarifications in this regard. While we have responded to such observations and addressed them, there can be no assurance that the RBI will not make similar or other observations in the future. In the event that we are unable to resolve the issues to the RBI’s satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, we could be subject to penalties and restrictions which may be imposed by the RBI or IRDAI in the event that we are unable to comply with their observations. Imposition of any penalty or adverse findings by the RBI or IRDAI during ongoing or future inspections may have an adverse effect on our business, operations results, financial condition and reputation. We are also required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of the regulations/ master directions prescribed by the RBI, the Companies Act and other regulations, which require continued monitoring and compliance. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and legal proceedings.

The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, securitization, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. In addition, these laws and regulations are tightened in times of economic and financial uncertainty. Moreover, these laws and regulations can be amended, supplemented, interpreted differently or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Furthermore, compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. 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. We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing our Company and its operations will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance. We have been in the past and may be in the future, subject to inspection by various regulatory authorities. While we have so far satisfactorily addressed all concerns and queries of the relevant authority, there can be no assurance that we will continue to be able to satisfactorily address all queries that may be raised by regulatory authorities in the future.

Any changes in the statutory and/or regulatory requirements in connection with taxation could adversely affect our operations, profitability and cash flows.

The operations, profitability and cash flows could be adversely affected by any unfavorable changes in central and state-level statutory and/or regulatory requirements in connection with direct and indirect taxes and duties, including income tax, goods and service tax and/or by any unfavorable interpretation taken by the relevant taxation authorities and/or courts and tribunals.

Furthermore, the Government of India has implemented two major reforms in Indian tax laws, namely the goods and services tax (“GST”), and provisions relating to general anti-avoidance rules (“GAAR”).

The GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise, collected by the central and state governments. The GST has increased administrative compliance for companies which is a consequence of increased registration and form filing requirements.

As regards to GAAR, the provisions were introduced in the Finance Act, 2012 and are applicable (as per the Finance Act, 2015) in respect of an assessment year beginning on April 1, 2018. The GAAR provisions intend to catch arrangements declared as “impermissible avoidance arrangements”, which is defined in the Finance Act, 2012 as any arrangement, the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm’s length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an “impermissible avoidance agreement” is on the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty.

As the taxation system is relatively new and could be subject to further amendments in the short term for the purposes of streamlining compliance, the consequential effects on us cannot be determined as of now and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Notes.

Our insurance coverage may not adequately protect us against losses.

We maintain such insurance coverage as we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

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

We have regional concentration in southern India and western India, and therefore are dependent on the general economic conditions and activities in these areas.

We have a significant presence in south and west India. As of September 30, 2024, our Assets Under Management on an unconsolidated basis in south and west India comprised 49.26% and 19.58% of our total Assets Under Management, respectively. Our concentration in the southern and western states exposes us to any adverse geological, ecological, economic and/or political circumstances in that region.

In the event of a regional slowdown in the economic activity in these states, change in customer preferences or any other developments including political unrest, disruption or sustained economic downturn that make our products in these states less beneficial, we may experience an adverse impact on our financial condition and results of operations, which are largely dependent on the performance and other prevailing conditions affecting the economies of these states. The market for our products in these states may perform differently from, and be subject to, market and regulatory developments that are different from the requirements in other states of India. There can be no assurance that the demand for our products will grow or will not decrease in the future in these states. If there is a sustained downturn in the economy of south India or west India, or a sustained change in consumer preferences in those regions, our financial position may be adversely affected.

New product/services offered by us may not be successful.

We introduce new products and services to explore new business opportunities from time to time. We also give business loans to our existing customers to cater to their additional finance needs for diversifying into allied and related business. We cannot assure you that all our new products and services and business ventures and broadening of our loan products and portfolio will always be profitable and this may result in our inability to recover our costs and expenses incurred on these initiatives. Furthermore, our inability to offer new products/services or diversify and grow in new business areas could adversely affect our business and financial performance.

We may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India. In the course of our operations, we run the risk of failing to comply with the prescribed procedures and the consequent risk of fraud and money laundering by dishonest customers, despite putting in place systems and controls to prevent the occurrence of these risks. In certain of our activities and in our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness, despite having a Board of Directors-approved customer acceptance policy and associated processes in place. Such incidents may adversely affect our business and our reputation. Although our Company believes that it has adequate internal policies, processes and controls in place to prevent and detect any activity that would fall foul of AML provisions and to ensure KYC compliance, there can be no assurance that our Company will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report.

We depend on our brand reputation and our failure to maintain our product image could have a material adverse effect on our business, financial condition and results of operations.

We believe that the reputation of our brand among customers as a reliable company has contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our products are, therefore, critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our product image. These factors include our ability to maintain the reliability and quality of the services we offer and increase product awareness through investment in brand building initiatives, including through education programs and marketing activities. A public perception that we do not provide satisfactory products, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our products, undermine the trust and credibility we have established and have a negative impact on our ability to attract new consumers or retain our current consumers.

We are not registered, and will not register, as an “investment company” under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”).

We will seek to qualify for an exemption from the definition of “investment company” under the Investment Company Act and will not register as an investment company in the United States under the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to us or our investors.

Risks Relating to India

Changes in environmental or other laws may lead to a decline in the sale of vehicles, which could adversely affect our business, results of operations and prospects.

We are engaged in vehicle financing across various states in India. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of a particular segment of vehicles or impose additional taxes on any particular segment of vehicles, could lead to a decline

in the sales of such vehicles. For example, the Supreme Court of India imposed a ban on the sale of vehicles not complying with Bharat Emission Standards IV. Government of India has notified that certain class of commercial vehicles manufactured on or after October 1, 2025 will require the driver cabin to be temperature controlled. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have a direct impact on our operations and profitability.

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The quantum of our disbursements is driven by the growth in demand for commercial vehicles, personal loans and other credit products. Any slowdown in the Indian economy may have a direct impact on our disbursements and a slowdown in the economy as a whole can increase the level of defaults, thereby adversely impacting our Company's profitability, the quality of its portfolio and growth plans. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like the application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve.

Political instability could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business.

Since 1991, the Government pursued a policy of economic liberalization, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalization policies will continue in the future as well. The rate of economic liberalization could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant slowdown in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business. Any political instability in the country, including any change in the Government, could materially impact our business adversely.

Civil unrest, terrorist attacks and war would affect our business.

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the United States of America, the United Kingdom, Singapore and the European Union, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighboring countries including the People's Republic of China. As a consequence of the face-off and physical conflict between Indian and Chinese troops in the Galwan River Valley, both governments in India and in China have taken various measures to establish the status quo of their presence in the territory. Additionally, some of India's neighboring countries have experienced, or are currently experiencing internal unrest. Furthermore, the ongoing military conflicts between Russia-Ukraine and Israel-Hamas could result in increased volatility in, or damage to, the worldwide financial markets and economy. While we cannot predict how these or similar geopolitical events will pan out in future, such events could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Notes.

Our business may be adversely impacted by natural calamities or unfavorable climatic changes, health epidemics or pandemics.

Natural disasters such as floods, earthquakes, famines and droughts have in the past had a negative impact on the Indian economy. Furthermore, health epidemics and pandemics like the COVID-19 pandemic have also affected the Indian economy negatively. If any such natural disaster, unfavorable climatic changes or health epidemics and pandemics were to occur or continue, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event.

India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu. These economies could be affected by the extent and severity of such natural disasters and pandemics which could in turn affect the financial services sector of which our Company is part. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our Notes.

Any downgrading of India's sovereign rating by an international rating agency may affect our business and our liquidity to a great extent.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favorable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations. In 2020, for example, Fitch Ratings revised the outlook on India's sovereign ratings from stable to negative, while Moody's Investors Service downgraded India's foreign currency and local currency long term ratings to Baa3. This could have an adverse effect on our growth, financial performance and our operations.

Global economic instability or slowdown is likely to adversely affect our business and our results of operations.

Economic developments outside India have adversely affected the economy. Our business is affected by domestic and international economic conditions, including rates of economic growth and the impact that such economic conditions have on consumer spending. The current economic downturn has led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. The resulting economic pressure and dampened consumer sentiment may adversely affect our business and our results of operations.

There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of credit. Continuation or worsening of this downturn or general economic conditions may have an adverse effect on our business, liquidity and results of operations.

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

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service 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. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and a health and education cess on the tax and the surcharge, may range up to 25.168%. The central or state government may in the future further increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

Trade deficits could adversely affect our business.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. Between July 2024 and September 2024, India experienced a current account deficit of U.S.\$11.2 billion, moderated marginally from the current account deficit of U.S.\$11.3 billion in the period between July 2023 and September 2023, as reported by the RBI in a press release on "Developments in India's Balance of Payments during the Second Quarter (July – September) of 2024-25" dated December 27, 2024.

Financial difficulty and other problems in certain financial institutions in India could adversely affect our business.

As an Indian NBFC, we are exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence could adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

One of the direct adverse impacts of the global financial crisis on India has been the reversal of capital inflows and a decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian Rupee *vis-à-vis* the U.S. dollar. Any increased intervention by the RBI in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business and our future financial performance.

Investors may have difficulty enforcing foreign judgments in India against our Company or our management.

Our Company is a limited liability public company incorporated under the laws of India. Most of our Company's directors and executive officers named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For further detail on recognition and

enforcement of foreign judgments in India, please see “*Enforcement of Foreign Judgments in India*”. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Issuer cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

There may be less company information available in Indian securities markets than in securities markets in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants, and that of markets in the United States and other more developed economies. The Securities and Exchange Board of India (“SEBI”) is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, investors may have access to less information about the business, results of operations and financial conditions, and those of the competitors that are listed on the BSE Limited and the National Stock Exchange of India Limited and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other more developed countries.

Changes in legislation, including tax legislation, or policies applicable to our Company, could adversely affect our Company’s results of operations.

Our Company’s business and operations are governed by various laws and regulations. Our Company’s business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to the business. The Government or state governments could implement new regulations and policies, which could require our Company to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our Company’s business, prospects, financial condition and results of operations.

In addition, to ensure compliance with the requirements of new legislation (such as tax laws and GAAR), our Company may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

Our Company’s ability to raise foreign currency borrowings may be constrained by Indian law.

As an Indian company, our Company is subject to regulatory approvals and exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company’s financing sources and hence could constrain our Company’s ability to obtain financing in a timely manner and on competitive terms and may adversely impact our Company’s ability to refinance existing indebtedness. Limitations on raising foreign debt may have an adverse effect on our Company’s business, financial condition and results of operations.

The bankruptcy code in India may affect our Company’s right to recover loans from our borrowers.

The Government introduced the Insolvency and Bankruptcy Code, 2016 (the “**Indian Bankruptcy Code**”), which was passed by both houses of Parliament and received Presidential assent in 2016. The Indian Bankruptcy Code offers a uniform, comprehensive insolvency legislation encompassing all companies, partnerships and individuals. The Indian Bankruptcy Code as originally enacted excluded financial service providers from the definition of a corporate person and therefore, the Indian Bankruptcy Code as a whole does not apply to financial service providers. However, pursuant to the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules,

2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated November 18, 2019, the RBI can now commence corporate insolvency resolution process against NBFCs with an asset size of at least INR 5 billion. Furthermore, such NBFCs may commence voluntary liquidation under the Indian Bankruptcy Code with prior RBI permission. The Indian Bankruptcy Code allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for the revival or a speedy liquidation of the debtor.

If the Indian Bankruptcy Code provisions are invoked against any of the corporate customers of our Company, it may affect our ability to recover amounts due under the loans made available to the said customers, during the moratorium period as part of the resolution proceedings.

Risks Relating to the Notes

There can be no assurance that the use of proceeds from the Notes will be suitable for the investment criteria of an investor.

The net proceeds from the issue of the Notes may be used by the Issuer specifically for the financing and refinancing of Eligible Social Projects, as set out in the section on “*Social Finance Framework*” below. No assurance is given by the Issuer or the Dealer that the use of such proceeds for any Eligible Social Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, any Eligible Social Projects.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified in, or substantially in, the manner described under “*Social Finance Framework*” below, there can be no assurance that the relevant project(s) or use(s) (including those the subject of, or related to, any Eligible Social Projects) will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such project(s) or use(s). Nor can there be any assurance that any Eligible Social Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to social issues) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Furthermore, although the proceeds from the issue of the Notes are intended to be used in accordance with the Social Bond Principles, 2021 issued by the International Capital Markets Association (“**ICMA**”), as set out under “*Social Finance Framework*” below, it should be noted that while ICMA and some case studies have provided some guidance, there is currently still no clear definition (legal, regulatory or otherwise) of, nor widespread market consensus as to what constitutes, a “social” or an equivalently-labelled project, or as to what precise attributes are required for a particular project to be defined as “social” or such other equivalent label. As such, there can be no assurance that a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any project(s) or use(s) the subject of, or related to, any Eligible Social Projects will meet any or all investor expectations regarding such “social” or other equivalently-labelled performance objectives or that any adverse social and/or other impacts will not occur during the implementation of any project(s) or use(s) the subject of, or related to, any Eligible Social Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Notes and in particular with any Eligible Social Projects to fulfil any social and/or other criteria. For the avoidance of doubt, any such opinion or certification (i) is not, nor shall be deemed to be, incorporated in and/or form part of the Offering Circular and (ii) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Furthermore, the limited assurance report prepared in relation to the Social Finance Framework is prepared for the management of the Issuer and disclaims any assumption of responsibility for reliance by any other person.

Any such event or failure to apply the proceeds of the issue of Notes for any project(s) or use(s), including any Eligible Social Projects, and/or withdrawal of any opinion or certification as described above or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended by the Issuer to finance Eligible Social Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Our Company's obligations under the Notes will be subordinated to certain tax and other liabilities preferred by law.

The Notes will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes and certain liabilities incurred in the ordinary course of our business (including workmen's dues). In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Notes only after all of those liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our Company's revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in price for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future. While the Notes are proposed to be listed on SGX-ST and India INX for the purpose of trading, no assurance can be given as to the liquidity of or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop, or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including: (a) prevailing interest rates, (b) the Issuer's results of operations and financial conditions, (c) political and economic developments in and affecting India, (d) the market conditions for similar securities, and (e) the financial condition and stability of the Indian markets. Investors may not be able to sell their Notes easily or at a price that will provide them with a yield comparable to similar investments that have a developed secondary market.

Our Company will be subject to applicable corporate disclosure standards for debt securities listed on the SGX-ST or the Global Securities Market of the India INX, which standards may be different from those applicable to debt securities listed in certain other countries.

Our Company will be subject to reporting obligations in respect of the Notes to be listed and admitted on the SGX-ST or the Global Securities Market of the India INX. The disclosure standards imposed by the SGX-ST or the Global Securities Market of the India INX may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. If developments similar to the sub-prime mortgage crisis in 2008 occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Modification, waivers and substitution.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree (or, in the case of the Security Documents, direct the Security Trustee to agree) to: (i) any modification of, or the waiver or authorization of any breach or proposed breach of, any of the provisions of the Conditions or the Transaction Documents; or (ii) determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such; or (iii) the substitution of another company as principal debtor under any Notes in place of our Company, in all cases in the circumstances described in Condition 14 or 15 (as applicable).

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Integral multiples of less than the minimum Specified Denomination.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination (for example, U.S.\$200,000) plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

The Notes are subject to the risk of change of law.

Except as stated otherwise, the Terms and Conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular, and any such change could materially and adversely impact the value of any Notes affected by it.

The Notes may have limited liquidity.

The Notes will not be registered under the Securities Act or the securities or blue-sky laws of any state of the United States. The Notes are being offered and may be resold outside of the United States within the meaning of and in compliance with Regulation S under the Securities Act. The Notes may also be offered, and may be resold, within the United States to institutional investors that qualify as “qualified institutional buyers”, within the meaning of and in compliance with Rule 144A under the Securities Act; or pursuant to another exemption from the registration requirements of the Securities Act. Consequently, the Notes are subject to restrictions on transfer and resale.

The Notes constitute a new issue of securities for which there is no existing market. Approval in-principle has been received from SGX-ST for the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. The offer and sale of the Notes is not conditional on obtaining a listing of the Notes on the SGX-ST or any other exchange.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop, or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued, depending on many factors, including (i) prevailing interest rates; (ii) our results of operations and financial condition; (iii) political and economic developments in and affecting India; (iv) the market conditions for similar securities; and (v) the financial condition and stability of the Indian finance sector.

Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Transfers of interests in the Notes will be subject to certain restrictions and interests in Global Notes can only be held through a clearing system.

The Notes have not been and are not expected to be registered: (i) under the Securities Act or any applicable state’s or other jurisdiction’s securities laws; or (ii) with the U.S. Securities and Exchange Commission or any other applicable state’s or other jurisdiction’s regulatory authorities. The offering of the Notes will be made pursuant to exemptions from the registration requirements of the Securities Act and from other securities laws. Prospective investors may not offer or sell any Notes, 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. Similar restrictions will apply in other jurisdictions. Each investor is advised to consult its

legal advisers in connection with any such reoffer, resale, pledge or other transfer. See “*Subscription and Sale*” and “*Transfer Restrictions*”.

As transfers of interests in the Global Notes can be effected only through book entries at DTC, Clearstream and/or Euroclear (as applicable) for the accounts of their respective participants, the liquidity of any secondary market for investments in the Global Notes may be reduced to the extent that some investors are unwilling to invest in Notes held in book-entry form in the name of a participant in Clearstream; Euroclear or DTC, as applicable. The ability to pledge interests in the Notes may be limited due to the lack of a physical certificate. Beneficial owners of Global Notes may, in certain cases, experience a delay in the receipt of payments of principal or interest since such payments will be forwarded by the paying agent to Clearstream, Euroclear or DTC, as applicable, who will then forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward the payments to the beneficial owners of the interests in the Global Notes. In the event of the insolvency of Euroclear, Clearstream, DTC or any of their respective participants in whose name interests in the Notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on the Notes may be impaired.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will be represented on issue by one or more Global Certificates that may be deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Unlike the Noteholders themselves, owners of book entry interests will not have the direct right to act upon the Issuer’s solicitations for consents, requests for waivers or other actions from the Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to act through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Rupees may not be freely convertible to other currencies.

The convertibility of a currency (including the Rupee) is dependent, among other things, on international and domestic political and economic factors, and on measures taken by governments and central banks, including the Government and the RBI. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or devaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the

availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

Approval of the RBI or the Authorised Dealer Bank (“AD Bank”), as the case may be, in accordance with the ECB Directions, is required for redemption of Notes prior to its stated maturity, including upon an Event of Default (as defined in the Terms and Conditions of the Notes).

Under the ECB Directions, any redemption of Notes prior to its stated maturity, other than pursuant to Condition 8.3 (Redemption at the option of the Issuer (Issuer Call)), would require the prior approval of the RBI or an AD Bank, as the case may be. Therefore, any repayment of Notes prior to maturity as a result of early redemption pursuant to the Terms and Conditions of the Notes (Condition 8.2 (Redemption for Tax Reasons), or acceleration of Notes upon an Event of Default pursuant to Condition 11 (Events of Default and Enforcement)) would require the prior approval of the RBI or an AD Bank, as the case may be. Compliance with any conditions specified in any such RBI or AD Bank approval will be required. There can be no assurance that such approval would be obtained in a timely manner or at all. In the absence of such an approval, our Company may not be able to redeem all or any of the Notes prior to maturity other than pursuant to Condition 8.3 (Redemption at the option of the Issuer (Issuer Call)), for which no such approval is required. Furthermore, any modification or waiver of the Terms and Conditions of the Notes which has the effect of modifying or waiving terms which are not permitted under the automatic route for issue of Notes under the ECB Directions will require prior approval from the RBI in accordance with the ECB Directions, and such approval may not be forthcoming.

A debenture redemption reserve will not be created.

The relevant provisions of the Companies Act, 2013, as amended, and the Companies (Share Capital and Debentures) Rules, 2014, as amended, are not applicable to the Notes. Therefore, our Company is not required to maintain a debenture redemption reserve for redemption of the Notes.

The new bankruptcy code in India may affect the rights of the Noteholders.

It is to be noted that the Indian Bankruptcy Code in its entirety does not apply to the Issuer (as the Issuer will be classified as a financial service provider), and accordingly the holders of Notes will not be able to initiate any insolvency proceedings against the Issuer thereunder, even if the Issuer is in default of its payment obligations, under the Indian Bankruptcy Code. However, pursuant to the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated November 18, 2019, the RBI can now commence corporate insolvency resolution processes against NBFCs with an asset size of at least INR 5 billion. Furthermore, such NBFCs may commence voluntary liquidation under the Indian Bankruptcy Code with prior RBI permission.

Accordingly, if said provisions are invoked against our Company, our ability to pay back our creditors, including the holders of the Notes, may be affected. The enforcement of the creditor rights of the holders of the Notes, will be subject to the said provisions.

An insolvency proceeding relating to us, even if brought in a jurisdiction outside India, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in jurisdictions outside India with which the holders of the Notes are familiar.

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”.

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be “benchmarks”, in particular with respect to certain Floating Rate Notes where the Reference Rate (as defined in the Conditions) may be SONIA Benchmark, SOFR Benchmark or SORA Benchmark or another such benchmark. The Pricing Supplement for the Notes will specify whether SONIA Benchmark, SOFR Benchmark or SORA Benchmark or another such benchmark is applicable.

Interest rates and indices which are deemed to be “benchmarks” are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark”.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Specifically, the sustainability of LIBOR was questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks.

On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer compel or persuade banks to contribute to the LIBOR rate setting after 2021. As at the end of December 2021, the publication of most LIBOR settings has ceased and the global financial markets generally transitioned away from the use of all LIBOR settings, except for the publication until 30 June 2023 of certain U.S. dollar LIBOR settings. While alternate reference rates for the different currencies have been identified, there is still a lack of clarity or consensus about the use of these rates for all types of instruments that have referenced LIBOR. The impact of the transition to alternative reference rates is therefore uncertain and could adversely affect loans, securities and other instruments that reference, or are indirectly affected by LIBOR. In India, the Mumbai Inter-bank Forward Outright Rate (“MIFOR”) is calculated using rolling forward premia in percentage terms along with the US\$ LIBOR for the respective tenures up to 12 months. The Financial Benchmark India Private Limited has commenced publishing an Adjusted MIFOR from 15 June 2021, which is used for legacy contracts, and has modified the MIFOR from 30 June 2021, which is used for new contracts. On 8 July 2021, the RBI issued a roadmap for LIBOR transition advising banks to use these alternate rates instead of MIFOR from 31 December 2021 except for managing risks pertaining to pre-existing MIFOR exposures. The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks:

- (i) discouraging market participants from continuing to administer or contribute to the benchmark;
- (ii) triggering changes in the rules or methodologies used in the benchmark; or
- (iii) leading to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the relevant screen page or website depending on whether the Reference Rate is specified as being (or derived from) SONIA Benchmark, SOFR Benchmark or SORA Benchmark. In the case of any discontinuation or disapplication of such Reference Rate in accordance with the Conditions, which may include circumstances where the regulatory supervisor of the administrator of the original Reference Rate makes a public statement that such Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market, Condition 6.7 sets out more details on the mechanics for determining the Rate of Interest in the absence of the original applicable Reference Rate. Such mechanics may involve the determination of a replacement Reference Rate and a spread adjustment to be applied to such replacement Reference Rate. The use of any replacement Reference Rate and application of a spread adjustment determined in accordance with Condition 6.7 to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the original applicable Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the original applicable Reference Rate were to continue to apply in its current form. Any such determination which involves the

exercise of discretion by the Issuer or, if the designated person is an affiliate of the Issuer, such affiliate, may also present the Issuer or such affiliate with a conflict of interest.

Furthermore, if a replacement Reference Rate has been determined by the Issuer (or its designated person, as the case may be) in accordance with Condition 6.7, the Conditions provide that the Issuer may vary the Conditions and/or the Trust Deed, as necessary to ensure the proper operation of such replacement Reference Rate, without any requirement for consent or approval of the Noteholders.

The Issuer may also be unable to appoint an Independent Adviser, or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest. Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Where Condition 6.7 is specified in the relevant Pricing Supplement as the applicable mechanics for determining a replacement Reference Rate, there may be circumstances in which a new replacement Reference Rate may not be able to be determined (such as if the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes) before the next Interest Determination Date or where a replacement Reference Rate is not adopted because it could reasonably be expected to prejudice the qualification of the Notes as Tier 2 capital or Additional Tier 1 capital (as the case may be) and/or the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of any applicable loss absorption regulations. In such event, the Rate of Interest for the next succeeding Interest Period be the Rate of Interest applicable as at the last preceding Interest Determination Date before the discontinuation or disapplication of the original Reference Rate in accordance with the Conditions. This is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a replacement Reference Rate could be determined. The initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the discontinuation or disapplication of the original applicable Reference Rate in accordance with the Conditions, could, as a result, continue to apply to maturity, which would lead to the floating rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Floating Rate Notes shall be determined by reference to the relevant Floating Rate Option in the ISDA Definitions. If the relevant Floating Rate Option is unavailable (including due to the occurrence of a Fallback Index Cessation Event, as defined in the ISDA Definitions), the ISDA Definitions may contain fallback provisions to determine a replacement reference rate to be used in place of such Floating Rate Option, and the use of any such replacement rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the original Floating Rate Option performing differently (which may include payment of a lower Rate of Interest) than they would do if the original applicable Floating Rate Option were to continue to apply in its current form. Furthermore, if the fallback provisions provided for by the ISDA Definitions fail to identify a replacement reference rate, there may be uncertainty as to the Rate of Interest that would be applicable, which may in turn adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

Negative benchmark rates would reduce the rate of interest on the Floating Rate Notes.

The interest rate to be borne by Floating Rate Notes is based on a spread over the relevant benchmark, including SONIA Benchmark, SOFR Benchmark or SORA Benchmark or another benchmark. Changes in the relevant benchmark rate will affect the rate at which Floating Rate Notes accrue interest and the amount of interest payments on Floating Rate Notes. To the extent that the relevant benchmark rate decreases below 0.00% for any interest period, the rate at which the Floating Rate Notes accrue interest for such interest period may be reduced by the amount by which such benchmark rate is negative. Any such movements would be limited to a rate of 0.00% (unless otherwise set out in the relevant Pricing Supplement).

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to risk-free rates, as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. For example, on 29 November 2017, the Bank of England and the United Kingdom Financial Conduct Authority announced that the Bank of England’s Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

The New York Federal Reserve (the “**NY Federal Reserve**”) also began to publish SOFR in April 2018, and the Alternative Reference Rates Committee (the “**ARRC**”) has published its Paced Transition Plan which outlines the key milestones until 30 June 2023 to facilitate a smooth and orderly transition from USD LIBOR to SOFR. On 30 August 2019, the MAS similarly announced the establishment of a steering committee (being the Steering Committee for SOR & SIBOR Transition to SORA (“**SC-STS**”)) to oversee an industry-wide benchmark transition from SOR to SORA, and on 27 October 2020, the SC-STS announced industry timelines to support a coordinated shift away from the use of SOR in financial products and accelerate usage of SORA, including that all financial institutions and their customers should, by end-April 2021, cease usage of SOR in new loans and securities that mature after end-2021. On 31 March 2021, the SC-STS further announced new industry timelines to cease issuance of SOR derivatives and SIBOR-linked financial products by end-September 2021, including that all financial institutions and their customers should cease usage of SOR in new derivatives contracts (with certain exceptions) by end-September 2021. On 29 July 2021, the SC-STS further announced new industry timelines encouraging wholesale market participants to substantially shift out of their legacy SOR exposures by 31 December 2021, with specific recommendations in respect of corporate loans, derivatives and bonds to facilitate the transitions from SOR to SORA. For the retail loan market, the SC-STS has announced a longer transition period from September 2021 to October 2022. On 18 July 2022, the SC-STS released a paper setting out the finalised approach for:

- setting the adjustment spreads within the MAS Recommended Rate in ISDA IBOR 2020 Fallbacks Protocol, Supplement number 70 to the 2006 ISDA Definitions and the 2021 ISDA Interest Rate Derivatives Definitions as well as the SC-STS’ recommended contractual fallbacks for bilateral and syndicated corporate loans. These fallbacks will apply when Fallback Rate (SOR) is discontinued after 31 December 2024;
- supplementary guidance on adjustments spreads for the period until 31 December 2024; and
- application of the SC-STS supplementary guidance to active transition across various product types.

On 14 December 2022, the SC-STS published an implementation paper setting out technical details for the implementation of SC-STS’ supplementary guidance on adjustment spreads for the conversion of SOR contracts to SORA. SC-STS’ supplementary guidance applies to the active transition of unhedged SOR loans

and is to be used up till end-2024. The implementation paper only covers the setting of adjustment spreads for the conversion of wholesale SOR contracts to Compounded-in-arrears SORA and does not apply to the setting of adjustment spreads for the conversion of legacy SOR retail loans to Compounded-in-advance SORA. The SC-STs has also published an Adjustment Spread Calculator which market participants have been encouraged to use for the purpose of supporting the active transition of SOR loans to SORA.

In addition, market participants and relevant working groups are exploring alternative reference rates based on risk-free rates, examples of which include Term SONIA reference rates and Term SOFR reference rates (which seek to measure the market's forward expectation of an average SONIA or SOFR rate over a designated term).

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to any that reference risk-free rates issued under the Programme. The Issuer may in the future also issue Notes referencing risk-free rates that differ materially in terms of interest determination when compared with any previous Notes referencing the same risk-free rate issued by it under the Programme. The development of risk-free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which references any such risk-free rate from time to time.

Furthermore, the basis of deriving certain risk-free rates, such as SONIA Benchmark, SOFR Benchmark or SORA Benchmark, may mean that interest on Notes which reference any such risk-free rate would only be capable of being determined after the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference any such risk-free rate to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, if Notes referencing SONIA Benchmark, SOFR Benchmark or SORA Benchmark become due and payable as a result of an event of default under Condition 11(a), the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date which the Notes become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk-free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Since risk-free rates are relatively new market indices, Notes linked to any such risk-free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk-free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any risk-free rate to which a series of Notes is linked does not prove to be widely used in securities like the Notes, the trading price of such Notes linked to a risk-free rate may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Daily changes in such rates may also be more volatile than daily changes in other benchmarks or market rates, such that the value on and value of Notes linked to risk-free rates may fluctuate more than floating rate debt securities linked to less volatile rates. There can also be no guarantee that any risk-free rate to which a series of Notes is linked will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes referencing such risk-free rate. If the manner in which such risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Risks Relating to the Security

There may not be sufficient Security to pay all or any portion of the Secured Notes.

The Security provided to secure each series of the Secured Notes shall be specifically identified and charged in favor of the Security Trustee for the benefit of the holders of the Secured Notes.

No appraisals of any Security have been prepared on behalf of the holders of the Secured Notes in connection with an offering of Secured Notes under the Programme. The value of the Security at any time will depend on market and other economic conditions, including the availability of suitable buyers for the Security. By its nature, the Security may be illiquid and may have no readily ascertainable market value. Similarly, the Issuer cannot assure you that the Security will be saleable or, if saleable, that there will not be substantial delays in its liquidation. In the event of a foreclosure, liquidation, bankruptcy or a similar proceeding, it cannot be assured that the proceeds from any sale or liquidation of the Security will be sufficient for the Issuer to pay its obligations under the Secured Notes, in full or at all, after first satisfying its obligations in full under claims that may have legal priority over the holders of the Secured Notes. Security for any Secured Notes may be shared on a *pari passu* basis by the holders of the Notes and any other creditors with other senior secured creditors. Accordingly, in the event of a default on the Secured Notes or such other secured indebtedness and a foreclosure of any such Security, any foreclosure proceeds would be shared by the holders of the Notes and such other holders of senior secured indebtedness in proportion to the outstanding amounts of each class of secured indebtedness. If the proceeds of any sale of the Security are not sufficient to repay all amounts due on the Secured Notes, the holders of the Secured Notes (to the extent not repaid from the proceeds of the sale of the Security) would have only an unsecured claim against the Issuer's remaining assets and, in the context of a bankruptcy case by or against us, the holders of the Secured Notes may not be entitled to receive interest payments or reasonable fees, costs or charges due under the Secured Notes, and may be required to repay any such amounts already received by such holder.

The rights over the Security will not be granted directly to holders of the Secured Notes.

The rights over the Security securing the obligations of the Issuer under the Secured Notes and the Trust Deed will not be granted directly to the Noteholders but will be granted only in favor of the Security Trustee. As a consequence, Noteholders will not have direct security and will not be entitled to take enforcement action in respect of the security for the Secured Notes, except through the Security Trustee.

Risks Relating to the Market

Exchange rate risks and exchange controls

We will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks

The Programme has been rated BB- by Standard & Poor's Ratings and BB by Fitch Ratings. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes are legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Risks Related to the Structure of a Particular Issue of Notes

A range of Notes may be issued under the Programme Agreement. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Company

An optional redemption feature is likely to limit the market value of Notes. During any period when the Company may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. To the extent Notes have an optional redemption feature, the Company may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Secured Notes

In relation to the secured Notes being issued, the Company will be creating security over identified receivables (which are classified as 'standard assets' in its books) due and payable to the Company. In the event of any prepayment occurring in relation to the receivables or in the event that the receivables do not qualify as 'standard assets' anymore, the Company is expected to make available additional identified receivables to ensure that the security coverage ratio is maintained. While the updated list of receivables, which stand as security for the secured Notes, will be made available by the Company on a quarterly basis, the supplemental deed of hypothecation confirming the creation of such charge and registration thereof with the registrar of companies is planned to be completed on a yearly basis, which would mean that the charge created for the benefit of the secured Note holders on account of prepayment or reclassification of receivables, will not be perfected until the supplemental document is executed and registered with the registrar of companies. The consequence of charge not being registered with the registrar of companies is that the claim of the charge holders in relation to the property, which is offered as security, but not registered with the registrar of companies, would be void as against other creditors and the liquidator.

Index-Linked Notes and Dual Currency Notes

The Company may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Company may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Company may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes are notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Company has the right to effect such a conversion, this may affect the secondary market and the market value of the Notes since the Company may

be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Company converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favorable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Company converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

Market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Third Parties

The Company may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes and the ability of the Company to make payments in respect of the Notes may depend upon the due performance by these other third parties, including the performance by the Trustee, the Principal Paying Agent, the Paying Agents, the Transfer Agent, the Registrar and/or the Calculation Agent of their respective obligations. While the non-performance of any relevant parties will not relieve the Company of its obligations to make payments in respect of the Notes, the Company may not, in such circumstances, be able to fulfill its obligations to the Noteholders and the Couponholders. The Company's obligation to pay additional amounts in respect of any withholding taxes is subject to limitations; the Company will not be required to pay additional amounts with respect to FATCA withholding taxes. The Company's obligations to pay additional amounts in respect of any withholding taxes is subject to certain limitations described in Condition 9.

Risks Relating to an Investment in Rupee denominated Notes

Rupee-denominated Notes are subject to exchange rate risks and exchange controls.

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for Rupees ("INR"). Under the RBI's policies, the RBI may intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. Interventions by the RBI have taken the form of transparent measures and have included clearly delineated periods and amounts involved, as well as the explanations for these actions. The RBI's foreign exchange policy objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the INR and protecting its international reserves during times of impending or on-going exchange crises or national emergencies.

The Rupee-denominated Notes that may be issued under this Programme are denominated in INR but settled in U.S. dollars. Investors in the Rupee-denominated Notes are required to pay the issue price for their Rupee-denominated Notes in U.S. dollars at the prevailing exchange rate between INR and the U.S. dollar as at the pricing date of the Rupee-denominated Notes. This entails risks which are not associated with a similar investment in a U.S. dollar-denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between INR and U.S. dollars if such currency risk is unhedged and the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which our Company does not have any control. Recently, exchange rates have been volatile and such volatility is expected in the near future as well, so the risk pertaining to exchange rate fluctuation persists. However, the recent fluctuations in exchange rates are not indicative in nature.

The U.S. dollar return on the Rupee-denominated Notes, or yield to maturity, will depend on the principal amount, the coupon and the premium converted into U.S. dollars at the prevailing exchange rate at the time of the relevant payments. Any volatility of the exchange rate between INR and the U.S. dollar during the term of the Rupee-denominated Notes will affect the return on the Rupee-denominated Notes in U.S. dollars. In particular, any devaluation of INR against the U.S. dollar during the term of the Rupee-denominated Notes

will decrease the U.S. dollar return on the Rupee denominated Notes and will result in the yield to maturity of the Rupee-denominated Notes in U.S. dollars being less than the stated yield to maturity thereof, which is calculated in INR. In the event of a material devaluation of INR against the U.S. dollar, Noteholders may not receive the full U.S. dollar subscription money upon maturity or redemption of the Rupee-denominated Notes. Rates of exchange between U.S. dollars and INR may be significantly varied over time. However, historical trends do not necessarily indicate future fluctuations in rates and should not be relied upon as indicative of future trends.

Political, economic or stock exchange developments in India or elsewhere could lead to significant and sudden changes in the exchange rate between INR and U.S. dollars.

Although substantially all of our Company's revenues are denominated in INR, we are required to settle all amounts due under the Rupee-denominated Notes (including principal, premium, if any, as well as the interest and redemption payments) in U.S. dollars at the prevailing exchange rate between INR and the U.S. dollar at the time of payment. Furthermore, our Company's revenues are denominated in INR. Depreciation of INR against the U.S. dollar could adversely affect the U.S. dollar value of our Company's earnings and our ability to satisfy our obligations under the Rupee-denominated Notes.

Furthermore, overseas investors are eligible to hedge the above-mentioned exchange rate risk only by way of permitted derivative products with (i) AD Category - I banks in India; (ii) offshore branches or subsidiaries of Indian Banks; or (iii) branches of foreign banks having a presence in India.

Notes denominated in INR or any other currency as may be applicable are subject to selling restrictions and may be transferred only to a limited pool of investors.

Notes denominated in INR or any other currency as may be applicable can only be issued to, and held by, investors who meet the Eligibility Requirements, being: (i) non-resident investors that are residents of jurisdictions that are FATF or IOSCO compliant (as defined below); (ii) multilateral and regional financial institutions where India is a member country; and (iii) individuals that are residents of FATF or IOSCO compliant jurisdictions who are foreign equity holders or for subscription to bonds/debentures listed outside India, which satisfy all other conditions set out in respect of eligible investors under the ECB Directions will also be considered as recognized lenders. While overseas branches/subsidiaries of banks incorporated in India are permitted to purchase, and hold Notes issued in foreign currency, they are not permitted to purchase or hold: (i) Rupee-denominated Notes in any manner whatsoever, save and except as underwriters or arrangers or market makers or traders, subject to applicable prudential norms and accordingly they shall for the purposes hereof be construed as a person meeting the Eligibility Requirements only with references to Notes denominated in foreign currency (i.e. not being Rupee-denominated Notes); (ii) Notes which fall within the categories mentioned in (b) to (e) of serial number V of paragraph 2.1 of Part I of the ECB Directions.

Jurisdictions which are FATF compliant are jurisdictions who are a member of the FATF or a member of a FATF-Style Regional Body and which jurisdiction has not been identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies. Jurisdictions which are IOSCO compliant are jurisdictions whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the SEBI for information sharing arrangements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read this section in conjunction with the Company's Audited Financial Statements as of and for each of the years ended March 31, 2022, 2023 and 2024, the Condensed Unconsolidated Interim Financial Statements for the Company as of and for the six months ended September 30, 2024 (including unaudited comparatives for the six months ended September 30, 2023), including the notes thereto, included elsewhere in this Offering Circular. This discussion contains forward-looking statements. There may be future events that we are unable to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.

Overview

The Company is registered as a deposit-taking non-banking financial company (“NBFC”) with the Reserve Bank of India (“RBI”) under Section 45-IA of the Reserve Bank of India Act, 1934. Shriram Finance Limited is the country's biggest retail NBFC offering credit solutions for commercial vehicles, two-wheeler loans, car loans, home loans, gold loans, personal and small enterprise/ micro, small and medium enterprises (“MSME”) loans, and a large fixed deposit franchise Pan-India. We are part of the 49-year-old Shriram Group, which has a strong presence in the financial services industry in India, including in commercial vehicle financing, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products, such as life and general insurance products and mutual fund products. Our Company (formerly Shriram Transport Finance Company Limited) was incorporated as a public limited company under the provisions of the Companies Act, 1956, by a certificate of incorporation dated June 30, 1979, issued by the Registrar of Companies, Tamil Nadu (“ROC”). Our Company commenced its operations, pursuant to a certificate of commencement of business dated October 9, 1979. Subsequently, our Company has obtained a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45-IA of the Reserve Bank of India Act, 1934, which has been renewed on April 17, 2007 (bearing registration no. 07-00459). Our Company is also registered with Insurance Regulatory and Development Authority of India as a corporate agent to deal in general insurance and life insurance since 2013 and with Association of Mutual Funds in India (AMFI) as a distributor of mutual fund products with effect from May 2023.

Shriram City Union Finance Limited and Shriram Capital Limited merged with Shriram Transport Finance Company Limited whose name has been changed to Shriram Finance Limited. Powered by cutting-edge technology, Shriram Finance Limited is a digitally mature financial institution that reflects the banking needs of Millennial and Gen-Z customers.

Our widespread network of branches across India is a key driver of our growth. As of September 30, 2024, we had 3,149 branches across India, including most of the major commercial vehicle hubs along various road transportation routes in India, as well as a presence in 679 rural centers across India. As of the same date, we had a total number of 77,764 employees. Our Assets Under Management as of September 30, 2024, was INR 2,430,425.5 million (U.S.\$ 29,006.6 million) (comprising Total Loan Assets (gross of Provisions) of INR 2,398,225.3 million (U.S.\$ 28,622.3 million) and loan assets assigned of INR 32,200.2 million (U.S.\$ 384.3 million)), on an unconsolidated basis. Our capital adequacy ratio as of September 30, 2024, computed on the basis of applicable RBI requirements, was 20.16% on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.0%. Our Tier I capital as of September 30, 2024, was INR 421,005.1 million (U.S.\$ 5,024.6 million) on an unconsolidated basis. Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) were 5.32% as of September 30, 2024, on an unconsolidated basis. In addition, our return on average equity, total income, profit after tax from operations for the six months ended September 30, 2024 was 25.70%, INR 196,937.5 million (U.S.\$ 2,350.4 million), and INR 40,518.5 million (U.S.\$ 483.6 million), respectively, on an unconsolidated basis. See “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” and “*Assets and Liabilities*.”

Significant Factors Affecting Our Results of Operations

We believe that the following factors significantly affected our results of operations for the years ended March 31, 2022, 2023 and 2024 and for the six months ended September 30, 2023 and September 30, 2024 and will have a significant impact on our results of operations in the future.

General market conditions and customer demand

We provide financing for new and pre-owned commercial vehicles, focusing primarily on serving FTBs and SRTOs, and serve lower and middle-income groups and small enterprise borrowers through our other products including financing for passenger vehicles, construction equipment, farm equipment, micro, small and medium enterprises, two-wheelers, personal loans and gold loans. Individual borrowers, FTBs and SRTOs are generally less financially resilient than larger corporate borrowers or fleet owners, and as a result, can be more adversely affected by declining economic conditions. Due to the nature of our customers, demand for our services is correlated with general macroeconomic conditions. Weak or weakening macroeconomic conditions can cause our customers to experience less demand for the products and services they provide, which in turn can negatively affect requirement and utilization of vehicles.

The negative effect of weak macroeconomic conditions on customer demand for our services is partially offset by the increased attractiveness of asset financing relative to cash purchases of assets due to customers having less available cash.

Furthermore, as 46.16% of our Assets Under Management comprised loans to commercial vehicles as of September 30, 2024, on an unconsolidated basis, our business is impacted by the trends in the vehicle finance industry. The vehicle financing industry has continued to be impacted by a number of key trends that include consolidation, competitive pricing and increased regulation. Longer-term, stable growth depends on stable regulation and effective decisions by policymakers. While the changing regulatory landscape remains a work in progress, the operating environment will continue to be unpredictable. The ongoing global economic uncertainty, including in India, makes it difficult to predict future demand for vehicle financing and increases the likelihood that our actual results of operations could differ materially from our expectations.

Fluctuations in interest rates

Our results of operations are substantially dependent upon the level of our net interest margins. We provide loans at fixed rates of interest, and we borrow funds on both fixed and floating rates. As of September 30, 2024, approximately 81.60% of our borrowings were at fixed rates and 18.40% were at floating interest rates on an unconsolidated basis. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates, amounts and for periods which may differ from our funding sources. Volatility in interest rates can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, we may not be able to pass on increased cost of funds to customers with fixed rate loan agreements, resulting in an adverse impact on our net interest income and net interest margins. However, even for floating rate loan agreements, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive, and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. Difficult conditions in the global and Indian economy can affect the availability of credit.

Non-performing assets and Stage 3 Assets in our loan portfolio

Stage 3 Assets have increased from INR 88,875.5 million as of March 31, 2022 to INR 113,821.8 million as of March 31, 2023 on an unconsolidated basis. Stage 3 Assets have increased from INR 113,821.8 million as of March 31, 2023 to INR 120,811.5 million as of March 31, 2024 on an unconsolidated basis. Our Stage 3

Assets net of Stage 3 Provisions have increased from INR 44,460.5 million as of March 31, 2022 to INR 56,749.1 million as of March 31, 2023. Our Stage 3 Assets net of Stage 3 Provisions have increased from INR 56,749.1 million as of March 31, 2023 to INR 58,244.4 million as of March 31, 2024. Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) were 7.07% and 6.21% as of March 31, 2022 and March 31, 2023, respectively, on an unconsolidated basis. Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) were 6.21% and 5.45% as of March 31, 2023 and March 31, 2024, respectively, on an unconsolidated basis. Our Stage 3 Assets net of Stage 3 Provisions as a percentage of our Net Loan Assets were 3.67% and 3.19% as of March 31, 2022 and March 31, 2023, respectively. Our Stage 3 Assets net of Stage 3 Provisions as a percentage of our Net Loan Assets were 3.19% and 2.70% as of March 31, 2023 and March 31, 2024, respectively. Our Stage 3 Assets as on September 30, 2024 was INR 127,642.3 million and our Stage 3 Assets net of Stage 3 Provisions as on September 30, 2024 was INR 61,656.3 million, on an unconsolidated basis. Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) as on September 30, 2024 was 5.32% and our Stage 3 Assets net of Stage 3 Provisions as a percentage of Net Loan Assets (net of Provisions) was 2.64% on an unconsolidated basis.

We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs, or otherwise adequately control our level of NPAs in future. The classification of NPAs is done as per the Prudential Regulations under the RBI SBR Directions, whereby the extant NPA classification norm stands changed to the overdue period of more than 90 days for the applicable NBFCs. However, for the financial year 2020-21, RBI had previously clarified, in its circular dated April 7, 2021, that asset classification for all accounts which were granted moratorium under the RBI Moratorium Circulars, shall be as per the then extant asset classification norms under the RBI Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 for the period commencing September 1, 2020. In accordance with the instructions in paragraph 5 of aforesaid RBI Circular dated April 7, 2021, as the Company was already classifying the NPA accounts as Stage 3 Assets and provision was made accordingly, there was no change in asset classification on account of the interim order dated March 23, 2021.

Furthermore, the RBI had issued circular RBI/2021-2022/125 titled “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications” dated November 12, 2021 (“**Prudential Norms – Clarifications 2021**”), which provides for more stringent classification and recognition of NPAs. The said Prudential Norms – Clarifications 2021 have been consolidated and incorporated under the RBI SBR Directions.

In certain cases where a customer has delayed payments but has demonstrated an ability to continue servicing the relevant loan, we generally do not enforce the security and seize the financed vehicle but we allow the loan to remain outstanding and continue without restructuring, which can adversely affect the position of our asset quality and ECL provisioning. There can also be no assurance that in such cases the customer would not continue to delay payments, which could adversely affect our profitability and cash flows.

If we are not able to control or reduce our level of NPAs/Stage 3 Assets, the overall quality of our loan portfolio may deteriorate, and our results of operations and/or cash flows may be adversely affected. Furthermore, although we believe our current provisioning for NPAs/Stage 3 Assets is comparable with the industry standards, in future our provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or Stage 3 Provisions coverage as a percentage of Stage 3 Assets or otherwise, or that the percentage of NPAs/Stage 3 Assets that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any deterioration in our NPA/Impaired portfolio, there could be an even greater adverse impact on our results of operations and/or cash flows.

Factors Affecting the Comparability of Our Financial Information

Increase in the Scope of our Operations on account of the Merger

Our financial statements pre-Merger may not be comparable to our post-Merger financial statements, primarily as a result of the significant increase in the scope of our operations pursuant to the Merger.

Prior to the Merger, our Company was primarily engaged in the business of providing financing for passenger commercial vehicles, multi-utility vehicles, three-wheelers and tractors, as well as ancillary equipment and vehicle parts finance, such as loans for tires and engine replacements, in addition to providing working capital facilities for FTBs and SRTOs. Following the Merger, our Company's business has expanded to include the legacy businesses of the Merged Entities that comprise multiple product lines, including loans to the small enterprise segments, loans against gold, financing for two-wheelers, appliances and other commercial goods, housing finance loans, gold loans, MSME loans and personal loans.

As a result, we have transitioned from primarily being a vehicle finance company to becoming a provider of a broader range of financial services and products. Our total assets and revenue for periods following the Merger have increased significantly, which diminishes the comparability of our post-Merger financial statements with those of our prior periods.

Certain Accounting Policies

In order to prepare the financial statements of the Company, estimates and judgments are used based on, among other things, industry trends, the Company's experience and the terms of existing contracts, all of which are subject to an inherent degree of uncertainty. For information on the Company's significant accounting policies, see Note 6 to the audited unconsolidated financial statements of the Company for the years ended March 31, 2024, 2023 and 2022 as set forth in this Offering Circular. While the Company believes its estimates and judgments to be reasonable under the circumstances, there can be no assurance that the Company's judgments will prove correct or that actual results reported in future periods will not differ from expectations reflected in the Company's accounting treatment of certain items. In addition, other companies may utilize different accounting policies, which may impact the comparability of the Company's results of operations to those of companies in similar businesses.

Unconsolidated Accounting Policies under IND-AS

The Unconsolidated Interim Financial Statements, included elsewhere in this Offering Circular have been prepared for the purpose of inclusion in this Offering Circular and comply with the recognition and measurement requirements of IND-AS as notified by the MCA pursuant to Section 133, of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The Company has uniformly applied the accounting policies during the periods presented other than those mentioned in Note 6 to the audited unconsolidated financial statements for the years ended March 31, 2024, March 31, 2023 and March 31, 2022.

Summary of Significant Unconsolidated Accounting Policies under IND-AS

The Audited Financial Statements have been prepared using the accounting policies and measurements bases summarized below. For more information regarding our significant accounting policies and the summary of significant accounting judgments and estimates, see Notes 6 and 7 to our Audited Financial Statements included on pages F-47 through F-64 in this Offering Circular.

Description of Selected Line Items

Income

Revenue from operations

Revenue from operations represents:

- our interest income, including on our loan portfolio and related charges and direct assignment including interest on investments and deposits with banks;
- fee and commission income, including income from commission services, and guarantee fee;
- dividend income;

- rental income;
- net gain on fair value changes of investment and derivatives;
- net gain on derecognition of financial instruments under amortized cost category; and
- other operating income like bad debt recovery.

Other income

Other income consists of miscellaneous income, and interest on income tax refunds.

Expenses

Employee benefits expense

Employee benefits expense primarily includes salaries, other allowances and bonuses and contributions to provident and other funds and share based payments to employees.

Finance costs

Finance costs represent interest expenses, including on debentures, loans from banks, senior secured notes, external commercial bonds, subordinated debt and public deposits.

Fee and commission expenses

Fee and commission expenses includes recurring professional charges, processing charges and brokerage.

Depreciation and amortization

Depreciation and amortization primarily consist of depreciation and amortization charges on property, plant and equipment and right-of-use assets and intangible assets.

Impairment of financial instruments

Impairment of financial instruments primarily include expected credit loss provisions and bad debts written off.

Other expenses

Other expenses primarily include royalty, travelling and conveyance, rent, rates and taxes, business promotion, bank charges, professional charges on securitization, legal and professional charges, service charges, CSR expenses and miscellaneous expenses.

Tax expense

Tax expense includes current tax, less deferred tax and tax paid for earlier years.

Results of Operations

The tables below set forth our results of operations for the periods indicated.

Unconsolidated statement of Balance Sheet for the six months ended September 30, 2023 and 2024

	As of March 31, 2024	As of September 30, 2024	
	(INR million) (Audited)	(INR million) (Unaudited)	(U.S.\$ million) ⁽¹⁾
		<i>(Unconsolidated)</i>	
Assets			
Financial assets			
Cash and cash equivalents	60,133.7	110,289.8	1,316.3
Bank Balance other than above	47,992.7	61,252.3	731.0
Derivative financial instruments	3,304.8	3,098.6	37.0
Receivables.....			
(I) Trade Receivables	516.3	242.7	2.9
(II) Other Receivables	3,329.6	2,922.7	34.8
Loans	2,079,294.1	2,246,547.3	26,812.0
Investments.....	106,566.4	114,330.2	1,364.5
Other Financial assets.....	682.4	709.9	8.5
Non-Financial Assets			
Current tax assets (net)	5,725.1	6,873.9	82.0
Deferred tax assets (net)	28,840.3	33,030.0	394.2
Investment Property.....	9.8	-	-
Property, plant and equipment	8,457.7	9,207.6	109.9
Intangible assets under development	-	37.2	0.4
Goodwill.....	14,067.3	14,067.3	167.9
Other Intangible assets.....	10,339.3	8,835.7	105.5
Other non-financial assets.....	3,500.6	3,653.1	43.7
Assets held for sale	-	15,632.1	186.6
Total Assets	2,372,760.1	2,630,730.4	31,397.2
Liabilities			
Financial Liabilities			
Payables			
Derivatives financial instruments	-	0.7	-
(I) Trade Payables			
(iii) Total outstanding dues of micro enterprises and small enterprises	0.2	-	-
(iv) Total outstanding dues of creditors other than microenterprises and small enterprises.....	2,117.3	2,977.9	35.5
(II) Other Payables			
(v) Total outstanding dues of micro enterprises and small enterprises	22.5	5.8	0.1
(vi) Total outstanding dues of creditors other than micro enterprises and small enterprises.....	31.6	11.9	0.1

	As of March 31, 2024	As of September 30, 2024	
	(INR million) (Audited)	(INR million) (Unaudited)	(U.S.\$ million) ⁽¹⁾
		(Unconsolidated)	
Debt Securities.....	449,486.1	561,470.9	6,701.0
Borrowings (other than debt securities).....	921,488.0	984,642.8	11,751.5
Deposits.....	444,436.6	501,964.1	5,990.8
Subordinated Liabilities.....	43,000.7	30,118.4	359.5
Other Financial liabilities	18,483.9	18,905.1	225.6
Non-financial liabilities			
Current tax liabilities (net).....	2,377.9	5,007.6	59.8
Provisions	2,962.1	3,167.3	37.8
Other non-financial liabilities	2,673.0	1,101.8	13.2
Total Liabilities.....	1,887,079.9	2,109,374.3	25,174.9
Equity			
Equity share capital	,3,757.9	3,759.9	44.9
Other equity	481,926.0	517,596.2	6,177.4
Total Equity	485,683.9	521,356.1	6,222.3
Total Liabilities and Equity	2,372,760.1	2,630,730.4	31,397.2

Notes:

(1) The reviewed condensed unconsolidated interim financial statements as of and for the six months ended September 30, 2024 have been translated to U.S. dollars at the rate of INR 83.7888 per U.S.\$1.00 (the closing exchange rate on September 30, 2024 was based on the FBIL Reference Rate).

Six months ended September 30, 2024 and six months ended September 30, 2023

Interest income

Our interest income was INR 191,772.9 million (U.S.\$ 2,288.8 million) in the six months ended September 30, 2024.

Our interest income was INR 159,045.1 million in the six months ended September 30, 2023.

Dividend income

We received INR 16.9 million (U.S.\$ 0.2 million) as dividend income in the six months ended September 30, 2024 from Ceylinco Insurance Plc.

We received INR 14.5 million as dividend income in the six months ended September 30, 2023 from Shriram Housing Finance Limited that became a subsidiary of our Company on account of the Merger.

Rental income

Our rental income was nil in the six months ended September 30, 2024 and INR 1.7 million in the six months ended September 30, 2023, paid on properties leased by us.

Fees and commission income

Our fees and commission income was INR 2,180.3 million (U.S.\$ 26.0 million) in the six months ended September 30, 2024, on an unconsolidated basis, and comprised fees from providing loan related services, securitization and commissions earned as part of our life and general insurance business.

Our fees and commission income was INR 1,732.8 million in the six months ended September 30, 2023, on an unconsolidated basis.

Net gain on fair value changes

Our net gain on fair value changes was INR 24.2 million (U.S.\$ 0.3 million) in the six months ended September 30, 2024 primarily comprising profit on sale of investment and fair value changes earned on investment.

Our net gain on fair value changes was INR 728.0 million in the six months ended September 30, 2023 primarily comprising profit on sale of investment.

Net gain on de-recognition of financial instruments under amortized cost category

Our net gain on de-recognition of financial instruments under amortized cost category was INR 902.9 million (U.S.\$ 10.8 million) in the six months ended September 30, 2024 and mainly comprised assignments by our Company.

Our net gain on de-recognition of financial instruments under amortized cost category was INR 1,893.7 million in the six months ended September 30, 2023 and mainly comprised assignments by our Company.

Other revenue from operations

Our other revenue from operations was INR 1,921.6 million (U.S.\$ 22.9 million) in the six months ended September 30, 2024, primarily comprising recovery of bad debts that had been written off in prior periods.

Our other revenue from operations was INR 2,167.8 million in the six months ended September 30, 2023, primarily comprising recovery of bad debts.

Total revenue from operations

Our total revenue from operations was INR 196,818.8 million (U.S.\$ 2,349.0 million) in the six months ended September 30, 2024.

Our total revenue from operations was INR 165,583.6 million in the six months ended September 30, 2023.

Other income

Other income was INR 118.7 million (U.S.\$ 1.4 million) in the six months ended September 30, 2024, and primarily comprised Miscellaneous Income.

Other income was INR 141.0 million in the six months ended September 30, 2023, and primarily comprised Miscellaneous Income.

Total income

Our total income was INR 196,937.5 million (U.S.\$ 2,350.4 million) in the six months ended September 30, 2024.

Our total income was INR 165,724.6 million in the six months ended September 30, 2023.

Finance costs

Finance costs amounted to INR 84,793.3 million (U.S.\$ 1,012.0 million) in the six months ended September 30, 2024.

Finance costs amounted to INR 71,094.0 million in the six months ended September 30, 2023.

Fees and commission expense

Fees and commission expense was INR 2,481.1 million (U.S.\$ 29.6 million) in the six months ended September 30, 2024.

Fees and commission expense was INR 1,882.7 million in the six months ended September 30, 2023.

Impairment of financial instruments

Impairment of financial instruments amounted to INR 24,225.4 million (U.S.\$ 289.1 million) in the six months ended September 30, 2024.

Impairment of financial instruments amounted to INR 20,071.6 million in the six months ended September 30, 2023.

Employee benefit expenses

Our employee benefit expenses was INR 17,750.2 million (U.S.\$ 211.8 million) in the six months ended September 30, 2024, primarily comprising salary and performance-linked variable pay, as well as employer contribution to statutory fund.

Our employee benefit expenses was INR 15,807.7 million in the six months ended September 30, 2023, primarily comprising primarily comprising salary and performance-linked variable pay, as well as employer contribution to statutory fund.

Depreciation, amortization and impairment

Depreciation, amortization and impairment was INR 3,123.4 million (U.S.\$ 37.3 million) in the six months ended September 30, 2024, recorded primarily towards property, plant and equipment and computer software.

Depreciation, amortization and impairment was INR 2,686.5 million in the six months ended September 30, 2023, recorded primarily towards property, plant and equipment and computer software.

Other expenses

Our other expenses were INR 10,382.9 million (U.S.\$ 124.0 million) in the six months ended September 30, 2024, and primarily comprised repairs and maintenance, business promotion, legal and professional charges, royalty, CSR expenses and miscellaneous expenses.

Our other expenses were INR 8,183.1 million in the six months ended September 30, 2023, and primarily comprised repairs and maintenance, business promotion, legal and professional charges, royalty, CSR expenses and miscellaneous expenses.

Total expenses

Our total expenses were INR 142,756.3 million (U.S.\$ 1,703.8 million) in the six months ended September 30, 2024.

Our total expenses were INR 119,725.6 million in the six months ended September 30, 2023.

Profit before tax

Our profit before tax was INR 54,181.2 million (U.S.\$ 646.6 million) in the six months ended September 30, 2024.

Our profit before tax was INR 45,999.0 million in the six months ended September 30, 2023.

Current tax

Our current tax was INR 18,104.8 million (U.S.\$ 216.0 million) in the six months ended September 30, 2024.

Our current tax was INR 15,268.8 million in the six months ended September 30, 2023.

Deferred tax

Our deferred tax was INR (4,442.1) million (U.S.\$ (53.0) million) in the six months ended September 30, 2024.

Our deferred tax was INR (3,532.6) million in the six months ended September 30, 2023.

Profit for the period

Our profit for the period was INR 40,518.5 million (U.S.\$ 483.6 million) in the six months ended September 30, 2024.

Our profit for the period was INR 34,262.8 million in the six months ended September 30, 2023.

Items that will not be reclassified to profit or loss

Items that will not be reclassified to profit or loss amounted to INR (94.4) million (U.S.\$ (1.1) million) in the six months ended September 30, 2024, primarily comprising remeasurement loss on defined benefit plan and loss on fair valuation of equity shares.

Items that will not be reclassified to profit or loss amounted to INR (149.9) million in the six months ended September 30, 2023, primarily comprising remeasurement loss on defined benefit plan.

Income tax relating to items that will not be reclassified to profit or loss

Income tax relating to items that will not be reclassified to profit or loss was INR 23.8 million (U.S.\$ 0.3 million) in the six months ended September 30, 2024, primarily comprising tax on remeasurement loss on defined benefit plan and loss on fair valuation of equity shares.

Income tax relating to items that will not be reclassified to profit or loss was INR 37.7 million in the six months ended September 30, 2023, primarily comprising tax on remeasurement loss on defined benefit plan and loss on fair valuation of equity shares.

Items that will be reclassified to profit or loss

Cash flow hedge reserve items that will be reclassified to profit or loss was INR 1,097.7 million (U.S.\$ 13.0 million) in the six months ended September 30, 2024, primarily on account of derivative instruments.

Cash flow hedge reserve items that will be reclassified to profit or loss was INR 447.7 million in the six months ended September 30, 2023, primarily on account of derivative instruments.

Income tax relating to items that will be reclassified to profit or loss

Income tax relating to items that will be reclassified to profit or loss was INR (276.3) million (U.S.\$ (3.3) million) in the six months ended September 30, 2024.

Income tax relating to items that will be reclassified to profit or loss was INR (112.7) million in the six months ended September 30, 2023.

Other comprehensive income

As a result of the foregoing, we had a surplus of other comprehensive income of INR 750.8 million (U.S.\$ 8.9 million) in the six months ended September 30, 2024.

Other comprehensive income was INR 222.8 million in the six months ended September 30, 2023.

Total comprehensive income for the period

As a result of the foregoing, our total comprehensive income was INR 41,269.3 million (U.S.\$ 492.5 million) in the six months ended September 30, 2024.

Our total comprehensive income was INR 34,485.6 million in the six months ended September 30, 2023.

Unconsolidated statement of profit and loss for the years ended March 31, 2022, 2023 and 2024

Particulars	Year ended March 31,			
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million) ⁽¹⁾
	(Unconsolidated)			
Revenue from operations				
(i) Interest income	186,462.6	286,073.6	335,996.6	4,030.0
(ii) Dividend income	—	65.2	14.5	0.2
(iii) Rental income.....	1.7	1.7	1.3	0.0
(iv) Fee and commission income	1,000.8	2,426.1	4,573.8	54.9
(v) Net gain on fair value changes	2,217.0	3,400.7	956.5	11.5
(vi) Net gain on derecognition of financial instruments under amortised cost category.....	2,177.4	2,244.6	3,246.5	38.9
(vii) Other Operating Income.....	692.2	3,509.7	4,854.9	58.2
(II) Total Revenue from operations.....	192,551.7	297,721.6	349,644.1	4,193.7
(II) Other Income.....	190.6	307.3	332.0	4.0
(III) Total Income (I+II)	192,742.3	298,028.9	349,976.1	4,197.7
Expenses				
(viii) Finance cost.....	97,343.1	125,457.6	148,061.2	1,775.9
(ix) Fee and commission expenses.....	917.4	3,044.4	4,227.7	50.7
(x) Impairment of financial instruments...	38,608.6	41,591.7	45,183.4	541.9
(xi) Employee benefit expenses	9,970.9	25,061.1	32,155.9	385.7
(xii) Depreciation, amortization and impairment	1,353.7	5,241.8	5,688.3	68.2
(xiii) Other expenses	9,056.1	15,783.4	17,823.2	213.8
(IV) Total Expenses.....	157,249.8	216,180.0	253,139.7	3,036.2
(V) Profit before exceptional items and tax (III-IV)	35,492.5	81,848.9	96,836.4	1,161.5
(VI) Exceptional items	—	—	—	—
(VII) Profit before tax (V+VI)	35,492.5	81,848.9	96,836.4	1,161.5
(VIII) Tax Expense:				
(1) Current tax	11,125.7	28,865.1	34,000.6	407.8
(2) Deferred tax	(1,889.3)	(6,809.6)	(9,069.0)	(108.8)
(3) Tax adjustment for earlier years.....	(823.2)	-	-	-

Particulars	Year ended March 31,			
	2022	2023	2024	2024
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million) ⁽¹⁾
	<i>(Unconsolidated)</i>			
(IX) Profit for the year from continuing operations (VII-VIII)	27,079.3	59,793.4	71,904.8	862.4
(X) Profit for the year	27,079.3	59,793.4	71,904.8	862.4
(XI) Other Comprehensive Income				
(xiv) Items that will not be classified to profit or loss				
Remeasurement gain/(loss) on defined benefit plan	(32.4)	(80.2)	(780.9)	(9.4)
Gain/(loss) on fair valuation of quoted investments in equity shares ..	—	(118.0)	164.9	2.0
(xv) Income tax relating to items that will not be reclassified to profit or loss	8.2	49.9	155.0	1.9
(A) Subtotal	(24.2)	(148.3)	(461.0)	(5.5)
(xvi) Items that will be classified to profit or loss	(1,608.7)	(146.8)	(561.2)	(6.7)
(xvii) Income tax relating to items that will be reclassified to profit or loss	404.9	36.9	141.2	1.7
(B) Subtotal	(1,203.8)	(109.9)	(420.0)	(5.0)
Other Comprehensive Income (A+B)	(1,228.0)	(258.2)	(881.0)	(10.5)
(XII) Total Comprehensive Income for the year (X+XI)	25,851.3	59,535.2	71,023.8	851.9
(XIII) Earnings per equity share				
Basic (INR)	101.7	159.7	191.6	2.3
Diluted (INR)	101.7	159.0	191.0	2.3

Notes:

- (1) The audited unconsolidated financial statements as of and for the year ended March 31, 2024 have been translated into U.S. dollars at the rate of INR 83.3739 per U.S.\$1.00 (the closing exchange rate on March 31, 2024 was based on the FBIL Reference Rate).

Year Ended March 31, 2024 Compared to Year Ended March 31, 2023 on an unconsolidated basis.

Revenue from operations

Interest income

Our interest income increased by 17.45% from INR 286,073.6 million in the year ended March 31, 2023 to INR 335,996.6 million (U.S.\$4,030.0 million) in the year ended March 31, 2024, primarily due to an increase in interest on loans and interest income from investments, on account of an increase in average earning assets, and due to the impact from the Merger.

Dividend income

Dividend income decreased by 77.76% from INR 65.2 million in the year ended March 31, 2023 to INR 14.5 million (U.S.\$0.2 million) in the year ended March 31, 2024, primarily due to our subsidiary, Shriram Housing Finance Limited, not having proposed any dividend in the year ended March 31, 2024 to preserve its resources for its business growth.

Rental income

Our rental income decreased by 23.53% from INR 1.7 million in the year ended March 31, 2023 to rental income of INR 1.3 million (U.S.\$0.0 million) in the year ended March 31, 2024 primarily due to a decrease in rental expenses related to property leased by us.

Fees and commission income

Our fees and commission income increased by 88.52% from INR 2,426.1 million in the year ended March 31, 2023 to INR 4,573.8 million (U.S.\$54.9 million) in the year ended March 31, 2024, primarily due to an increase in income from commission services on general insurance and life insurance, and due to the impact from the Merger.

Net gain on fair value changes

Our net gain on fair value changes decreased by 71.87% from INR 3,400.7 million in the year ended March 31, 2023 to INR 956.5 million (U.S.\$11.5 million) in the year ended March 31, 2024, primarily due to a decrease in gain on fair valuation of investment in shares, venture capital fund, mutual funds and certificate of deposits, and due to the impact from the Merger.

Net gain on de-recognition of financial instruments under amortized cost category

Our net gain on fair value changes increased by 44.64% from INR 2,244.6 million in the year ended March 31, 2023 to INR 3,246.5 million (U.S.\$ 38.9 million) in the year ended March 31, 2024, due to increase in profits from sales.

Other operating income

Our other operating income increased by 38.33% from INR 3,509.7 million in the year ended March 31, 2023 to INR 4,854.9 million (U.S.\$58.2 million) in the year ended March 31, 2024, primarily due to increase in bad debts recovery, and due to the impact from the Merger.

Total revenue from operations

As a result of the foregoing, our total revenue from operations increased by 17.44% from INR 297,721.6 million in the year ended March 31, 2023 to INR 349,644.1 million (U.S.\$ 4,193.7 million) in the year ended March 31, 2023.

Other income

Other income increased by 8.04% from INR 307.3 million in the year ended March 31, 2023 to INR 332.0 million (U.S.\$4.0 million) in the year ended March 31, 2024, primarily due to an increase in miscellaneous income that comprised rent recovery, sub-lease property and sharing income, and due to the impact from the Merger.

Total income

As a result of the foregoing, our total income increased by 17.43% from INR 298,028.9 million in the year ended March 31, 2023 to INR 349,976.1 million (U.S.\$4,197.7 million) in the year ended March 31, 2024.

Expenses

Finance costs

Finance costs increased by 18.02% from INR 125,457.6 million in the year ended March 31, 2023 to INR 148,061.2 million (U.S.\$1,775.9 million) in the year ended March 31, 2024, primarily due to an increase in average borrowings comprising privately placed non-convertible debentures, term loans from banks, deposits and an external commercial bond, which were required to meet the growth of the business, and due to the impact from the Merger.

Fees and commission expenses

Fees and commission expense increased by 38.87% from INR 3,044.4 million in the year ended March 31, 2023 to INR 4,227.7 million (U.S.\$50.7 million) in the year ended March 31, 2024, primarily due to a dealer incentive expense in connection with the Merger.

Impairment of financial instruments

Impairment of financial instruments increased by 8.64% from INR 41,591.7 million in the year ended March 31, 2023 to INR 45,183.4 million (U.S.\$541.9 million) in year ended March 31, 2024, primarily due to an increase in our average loan portfolio and change in the process of classifying NPAs, and due to the impact from the Merger. For further information, see Note 62 to the audited unconsolidated financial statements for the year ended March 31, 2024.

Employee benefit expenses

Our employee benefit expenses increased by 28.31% from INR 25,061.1 million in the year ended March 31, 2023 to INR 32,155.9 million (U.S.\$385.7 million) in the year ended March 31, 2024, primarily due to an increase in salaries, other allowances and bonus, as a result of an increase in variable pay in the year ended March 31, 2024.

Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by 8.52% from INR 5,241.8 million in the year ended March 31, 2023 to INR 5,688.3 million (U.S.\$68.2 million) in the year ended March 31, 2024, primarily due to an increase in depreciation of property, plant and equipment.

Other expenses

Our other expenses increased by 12.92% from INR 15,783.4 million in the year ended March 31, 2023 to INR 17,823.2 million (U.S.\$213.8 million) in the year ended March 31, 2024 due to an increase in business promotion, miscellaneous and royalty expenses.

Total expenses

As a result of the foregoing, our total expenses increased by 17.10% from INR 216,180.0 million in the year ended March 31, 2023 to INR 253,139.7 million (U.S.\$3,036.3 million) in the year ended March 31, 2024.

Profit before tax

As a result of the foregoing, our profit before tax increased by 18.31% from INR 81,848.9 million in the year ended March 31, 2023 to INR 96,836.4 million (U.S.\$1,161.5 million) in the year ended March 31, 2024.

Current tax

Our current tax increased by 17.79% from INR 28,865.1 million in the year ended March 31, 2023 to INR 34,000.6 million (U.S.\$407.8 million) in the year ended March 31, 2024. This increase was primarily on

account of the impact from the Merger. For further information, see Note 44 to the audited financial statements for the year ended March 31, 2024.

Deferred tax

Our deferred tax increased by 33.18% from INR (6,809.6) million in the year ended March 31, 2023 to INR (9,069.0) million (U.S.\$(108.8) million) in the year ended March 31, 2024. This increase was primarily on account of the impact from the Merger. For further information, see Note 44 to the audited financial statements for the year ended March 31, 2024.

Profit for the year

As a result of the foregoing, our profit for the period increased by 20.26% from INR 59,793.4 million in the year ended March 31, 2023 to INR 71,904.8 million (U.S.\$862.4 million) in the year ended March 31, 2024.

Items that will not be reclassified to profit or loss

Remeasurement loss on defined benefit plan increased from INR (80.2) million in the year ended March 31, 2023 to INR (780.9) million (U.S.\$(9.4) million) in the year ended March 31, 2024. Gains/ (loss) on fair valuation of quoted investments in equity shares increased from INR (118.0) million in the year ended March 31, 2023 to INR 164.9 million (U.S.\$2.0 million) in the year ended March 31, 2024.

Income tax relating to items that will not be reclassified to profit or loss

Income tax relating to items that will not be reclassified to profit or loss increased from INR 49.9 million in the year ended March 31, 2023 to INR 155.0 million (U.S.\$1.9 million) in the year ended March 31, 2024.

Items that will be reclassified to profit or loss

Cash flow hedge reserve items that will be reclassified to profit or loss increased by 282.29% from INR (146.8) million in the year ended March 31, 2023 to INR (561.2) million (U.S.\$(6.7) million) in the year ended March 31, 2024, primarily due to an increase in loss on the effective portion of hedging instruments in a cash flow hedge.

Income tax relating to items that will be reclassified to profit or loss

Income tax relating to items that will be reclassified to profit or loss increased by 282.66% from INR 36.9 million in the year ended March 31, 2023 to INR 141.2 million (U.S.\$1.7 million) in the year ended March 31, 2024, primarily due to an increase in loss on the effective portion of hedging instruments in a cash flow hedge.

Other comprehensive income

As a result of the foregoing, our other comprehensive income decreased by 241.21% from INR (258.2) million in the year ended March 31, 2023 to INR (881.0) million (U.S.\$(10.6) million) in the year ended March 31, 2024.

Total comprehensive income for the period

As a result of the foregoing, our total comprehensive income for the period increased by 19.30% from INR 59,535.2 million in the year ended March 31, 2023 to INR 71,023.8 million (U.S.\$851.9 million) in the year ended March 31, 2024.

Year Ended March 31, 2023* Compared to Year Ended March 31, 2022 on an unconsolidated basis.

Revenue from operations

Interest income

Our interest income increased by 53.42% from INR 186,462.6 million in the year ended March 31, 2022 to INR 286,073.6 million (U.S.\$ 3,479.5 million) in the year ended March 31, 2023, primarily due to an increase in interest on loans and interest income from investments, on account of an increase in average earning assets, and due to the impact from the Merger.

Dividend income

Dividend income increased from nil in the year ended March 31, 2022 to INR 65.2 million (U.S.\$0.8 million) in the year ended March 31, 2023.

Rental income

Our rental income remains the same at INR 1.7 million (U.S.\$0.02 million) in the year ended March 31, 2023 as the rental income of INR 1.7 million year ended March 31, 2022.

Fees and commission income

Our fees and commission income increased by 142.42% from INR 1,000.8 million in the year ended March 31, 2022 to INR 2,426.1 million (U.S.\$29.5 million) in the year ended March 31, 2023, primarily due to a increase in income from commission services on general insurance and life insurance, and due to the impact from the Merger.

Net gain on fair value changes

Our net gain on fair value changes increased by 53.39% from INR 2,217.0 million in the year ended March 31, 2022 to INR 3,400.7 million (U.S.\$41.4 million) in the year ended March 31, 2023, primarily due to an increase in gain on fair valuation of investment in shares, venture capital fund, mutual funds and certificate of deposits, and due to the impact from the Merger.

Other operating income

Our other operating income increased by 407.09% from INR 692.2 million in the year ended March 31, 2022 to INR 3,509.7 million (U.S.\$42.7 million) in the year ended March 31, 2023, primarily due to increase in bad debts recovery, and due to the impact from the Merger.

Total revenue from operations

As a result of the foregoing, our total revenue from operations increased by 54.62% from INR 192,551.7 million in the year ended March 31, 2022 to INR 297,721.6 million (U.S.\$ 3,621.2 million) in the year ended March 31, 2023.

Other income

Other income increased by 61.23% from INR 190.6 million in the year ended March 31, 2022 to INR 307.3 million (U.S.\$3.7 million) in the year ended March 31, 2023, primarily due to an increase in miscellaneous income that comprised rent recovery, sub-lease property and sharing income, and due to the impact from the Merger.

Total income

As a result of the foregoing, our total income increased by 54.63% from INR 192,742.3 million in the year ended March 31, 2022 to INR 298,028.9 million (U.S.\$ 3,624.9 million) in the year ended March 31, 2023.

Expenses

Finance costs

Finance costs increased by 28.88% from INR 97,343.1 million in the year ended March 31, 2022 to INR 125,457.6 million (U.S.\$ 1,525.9 million) in the year ended March 31, 2023, primarily due to an increase in average borrowings comprising privately placed non-convertible debentures, term loans from banks, deposits and an external commercial bond, which were required to meet the growth of the business, and due to the impact from the Merger.

Fees and commission expenses

Fees and commission expense increased by 230.95% from INR 917.4 million in the year ended March 31, 2022 to INR 3,036.1 million (U.S.\$36.9 million) in the year ended March 31, 2023, primarily due to a dealer incentive expense in connection with the Merger.

Impairment of financial instruments

Impairment of financial instruments increased by 7.73% from INR 38,608.6 million in the year ended March 31, 2022 to INR 41,591.7 million (U.S.\$505.9 million) in year ended March 31, 2023, primarily due to an increase in our average loan portfolio and change in the process of classifying NPAs, and due to the impact from the Merger. For further information, see Note 76 to the audited unconsolidated financial statements for the year ended March 31, 2023.

Employee benefit expenses

Our employee benefit expenses increased by 151.34% from INR 9,970.9 million in the year ended March 31, 2022 to INR 25,061.1million (U.S.\$304.8 million) in the year ended March 31, 2023, primarily due to an increase in salaries, other allowances and bonus, as a result of an increase in variable pay in the year ended March 31, 2023, and the increase in the number of employees from the impact from the Merger.

Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by 287.22% from INR 1,353.7 million in the year ended March 31, 2022 to INR 5,241.8 million (U.S.\$63.8 million) in the year ended March 31, 2023, primarily due to an increase in depreciation of property, plant and equipment, and due to the impact from the Merger.

Other expenses

Our other expenses increased by 74.38% from INR 9,056.1 million in the year ended March 31, 2022 to INR 15,791.7 million (U.S.\$192.1 million) in the year ended March 31, 2023 due to an increase in business promotion, miscellaneous and royalty expenses, and due to the impact from the Merger.

Total expenses

As a result of the foregoing, our total expenses increased by 37.48% from INR 157,249.8 million in the year ended March 31, 2022 to INR 216,180.0 million (U.S.\$ 2,629.4 million) in the year ended March 31, 2023.

Profit before tax

As a result of the foregoing, our profit before tax increased by 130.61% from INR 35,492.5million in the year ended March 31, 2022 to INR 81,848.9 million (U.S.\$995.5 million) in the year ended March 31, 2023.

Current tax

Our current tax increased by 158.41% from INR 11,125.7 million in the year ended March 31, 2022 to INR 28,750.1 million (U.S.\$349.7 million) in the year ended March 31, 2023. This increase was primarily on account of the impact from the Merger. For further information, see Note 44 of to the audited financial statements for the year ended March 31, 2023.

Deferred tax

Our deferred tax increased by 260.43% from INR (1,889.3) million in the year ended March 31, 2022 to INR (6,809.6) million (U.S.\$(82.8) million) in the year ended March 31, 2023. This increase was primarily on account of the impact from the Merger. For further information, see Note 44 to the audited financial statements for the year ended March 31, 2023.

Profit for the year

As a result of the foregoing, our profit for the period increased by 120.81% from INR 27,079.3 million in the year ended March 31, 2022 to INR 59,793.4 million (U.S.\$727.3 million) in the year ended March 31, 2023.

Items that will not be reclassified to profit or loss

Remeasurement loss on defined benefit plan increased from INR (32.4) million in the year ended March 31, 2022 to INR (80.2) million (U.S.\$(1.0) million) in the year ended March 31, 2023. Loss on fair valuation of quoted investments in equity shares increased from nil in the year ended March 31, 2022 to INR (118.0) million (U.S.\$(1.4) million) in the year ended March 31, 2023.

Income tax relating to items that will not be reclassified to profit or loss

Income tax relating to items that will not be reclassified to profit or loss increased from INR 8.2 million in the year ended March 31, 2022 to INR 49.9 million (U.S.\$0.6 million) in the year ended March 31, 2023.

Items that will be reclassified to profit or loss

Cash flow hedge reserve items that will be reclassified to profit or loss decreased by 90.87% from INR (1,608.7) million in the year ended March 31, 2022 to INR (146.8) million (U.S.\$(1.8) million) in the year ended March 31, 2023, primarily due to a decrease in loss on the effective portion of hedging instruments in a cash flow hedge, and due to the impact from the Merger.

Income tax relating to items that will be reclassified to profit or loss

Income tax relating to items that will be reclassified to profit or loss decreased by 90.89% from INR 404.9 million in the year ended March 31, 2022 to INR 36.9 million (U.S.\$0.4 million) in the year ended March 31, 2023, primarily due to a decrease in loss on the effective portion of hedging instruments in a cash flow hedge, and due to the impact from the Merger.

Other comprehensive income

As a result of the foregoing, our other comprehensive income decreased by 78.97% from INR (1,228.0) million in the year ended March 31, 2022 to INR (258.2) million (U.S.\$(3.1) million) in the year ended March 31, 2023.

Total comprehensive income for the period

As a result of the foregoing, our total comprehensive income for the period increased by 130.30% from INR 25,851.3 million in the year ended March 31, 2022 to INR 59,535.2 million (U.S.\$724.1 million) in the year ended March 31, 2023.

* The audited condensed unconsolidated financial statements as of and for the year ended March 31, 2023 have been translated into U.S. dollars at the rate of INR 82.2169 per U.S.\$1.00 (the closing exchange rate on March 31, 2023 was based on the FBIL Reference Rate).

Cash Flow

Our primary use of cash is to fund our working capital needs, capital expenditures and repayment of our indebtedness. We have utilized a combination of cash flows generated from our operating activities, bank borrowings, short-term financing bills, medium-term notes, asset-based securities and other loans and capital contributions made by our shareholders.

Unconsolidated cash flows for the six months ended September 30, 2024 and 2023

	For the six months ended September 30,		
	2023	2024	2024 ⁽¹⁾
	(Unaudited)	(Reviewed)	
	(INR million)		(U.S.\$ million)
	(Unconsolidated)		
Net cash flow			
Net cash from / (used) in operating activities	(93,814.5)	(140,653.2)	(1,678.7)
Net cash from / (used) in investing activities	(1,149.2)	(1,344.6)	(16.0)
Net cash flow from financing activities.....	56,311.2	192,153.9	2,293.3
Net increase/(decrease) in cash and cash equivalents.....	(38,652.5)	50,156.1	598.6
Cash and cash equivalents at the beginning of period	95,053.0	60,133.7	717.7
Cash and cash equivalents at the end of period	56,400.5	110,289.8	1,316.3

(1) The reviewed condensed unconsolidated financial interim statements as of and for the year ended September 30, 2024 have been translated into U.S. dollars at the rate of INR 83.7888 per U.S.\$1.00 (the closing exchange rate on September 30, 2024 was based on the FBIL Reference Rate).

Unconsolidated cash flows for the years ended March 31, 2022, 2023 and 2024

	Year ended March 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(Audited)	(Audited)	(Audited)	
	(INR million)			(U.S.\$ million)
	(unconsolidated)			
Net cash flow				
Net cash flow / (used) in operating activities	(88,590.2)	(158,413.3)	(276,530.8)	(3,316.8)
Net cash flow / (used) in investing activities.....	(343.3)	(1,800.6)	(2,383.3)	(28.6)
Net cash flow from financing activities.....	85,048.6	96,468.4	243,994.8	2,926.5
Net increase/(decrease) in cash and cash equivalents	(3,884.9)	(63,745.5)	(34,919.3)	(418.8)
Cash and cash equivalents at the beginning of year	110,509.3	106,624.4	95,053.0	1,140.1
Cash and cash equivalents at the end of year...	106,624.4	95,053.0	60,133.7	721.3

- (1) *The audited unconsolidated financial statements as of and for the year ended March 31, 2024 have been translated into U.S. dollars at the rate of INR 83.3739 per U.S.\$1.00 (the closing exchange rate on March 31, 2024 was based on the FBIL Reference Rate).*

Operating Activities

In the six months ended September 30, 2024, net cash used in operating activities was INR 140,653.2 million (U.S.\$ 1,678.66 million) on an unconsolidated basis. Such cash outflow was primarily attributable to (i) an increase in loans of INR 184,456.0 million (U.S.\$ 2,201.4 million), (ii) an increase in investments of INR 23,116.8 million (U.S.\$ 275.9 million), (iii) an increase in bank deposits of INR 13,259.6 million (U.S.\$ 158.3 million) and (iv) direct taxes paid (net of refunds) of INR 16,623.9 million (U.S.\$ 198.4 million) partially offset by (i) profit before tax of INR 54,181.2 million (U.S.\$ 646.6 million) and (ii) an impairment on loans of INR 24,004.7 million (U.S.\$ 286.5 million).

In the six months ended September 30, 2023, net cash used in operating activities was INR 93,814.5 million on an unconsolidated basis. Such cash outflow was primarily attributable to (i) an increase in loans of INR 166,760.8 million, (ii) an increase in investments of INR 3,879.4 million, (iii) a decrease in bank deposits of INR 12,764.9 million and (iv) direct taxes paid (net of refunds) of INR 14,287.8 million partially offset by (i) profit before tax of INR 45,999.0 million and (ii) an impairment on loans of INR 19,989.0 million.

In the year ended March 31, 2024, net cash used in operating activities was INR 276,530.8 million (U.S.\$3,316.8 million) on an unconsolidated basis. Such cash outflow was primarily attributable to (i) an increase in loans of INR 390,394.3 million (U.S.\$4,682.5 million), (ii) an increase in investments of INR 19,667.8 million (U.S.\$235.9 million), (iii) a decrease in bank deposits of INR 15,128.4 million (U.S.\$181.5 million) and (iv) direct taxes paid (net of refunds) of INR 33,822.8 million (U.S.\$405.7 million) partially offset by (i) profit before tax of INR 96,836.4 million (U.S.\$1,161.5 million) and (ii) an impairment on loans of INR 44,847.4 million (U.S.\$537.9 million).

In the year ended March 31, 2023, net cash used in operating activities was INR 158,413.3 million (U.S.\$ 1,926.8 million) on an unconsolidated basis. Such cash outflow was primarily attributable to (i) an increase in loans of INR 276,747.3 million (U.S.\$3,366.1 million), (ii) a decrease in investments of INR 13,330.2 million (U.S.\$162.1 million), (iii) a decrease in bank deposits of INR 7,760.9 million (U.S.\$94.4 million) and (iv) direct taxes paid (net of refunds) of INR 32,245.1 million (U.S.\$ 392.2 million) partially offset by (i) profit before tax of INR 81,848.9 million (U.S.\$995.5 million) and (ii) an impairment on loans of INR 41,287.9 million (U.S.\$502.2 million).

In the year ended March 31, 2022, net cash used in operating activities was INR 88,590.2 million on an unconsolidated basis. Such cash outflow was primarily attributable to (i) an increase in loans of INR 121,791.60 million, (ii) an increase in investments of INR 33,724.8 million, (iii) an increase in bank deposits of INR 3,018.3 million and (iv) direct taxes paid (net of refunds) of INR 11,519.4 million partially offset by (i) profit before tax of INR 35,492.5 million and (ii) an impairment on loans of INR 38,650.2 million.

Investing Activities

In the six months ended September 30, 2024, net cash used in investing activities was INR 1,344.6 million (U.S.\$ 16.1 million) on an unconsolidated basis. Such cash outflow is primarily attributable to purchase of property, plant, equipment and intangible assets of INR 1,333.5 million (U.S.\$ 15.9 million).

In the six months ended September 30, 2023, net cash used in investing activities was INR 1,149.2 million on an unconsolidated basis. Such cash outflow is primarily attributable to purchase of property, plant, equipment and intangible assets of INR 1,214.5 million.

In the year ended March 31, 2024, net cash used in investing activities was INR 2,383.3 million (U.S.\$28.6 million), primarily attributable to purchase of property, plant, equipment and intangible assets of INR 2,456.0 million (U.S.\$29.5 million).

In the year ended March 31, 2023, net cash used in investing activities was INR 1,800.6 million, primarily attributable to purchase of property, plant, equipment and intangible assets of INR 1,836.0 million.

In the year ended March 31, 2022, net cash used in investing activities was INR 343.3 million, primarily attributable to purchase of property, plant, equipment and intangible assets of INR 357.5 million.

Financing Activities

In the six months ended September 30, 2024, net cash from our financing activities was INR 192,153.9 million (U.S.\$ 2,293.3 million) on an unconsolidated basis. This cash inflow was primarily attributable to (i) amounts received from borrowings other than debt securities of INR 465,506 million (U.S.\$ 5,555.7 million), which was partially offset by repayments of borrowings other than debt securities of INR 407,326.5 million (U.S.\$ 4,861.4 million).

In the six months ended September 30, 2023, net cash from our financing activities was INR 56,311.2 million on an unconsolidated basis. This cash inflow was primarily attributable to (i) amounts received from borrowings other than debt securities of INR 342,606.4 million, which was partially offset by repayments of borrowings other than debt securities of INR 293,294.2 million.

In the year ended March 31, 2024, net cash flow from our financing activities was INR 243,994.8 million (U.S.\$2,926.5 million) primarily attributable to (i) amounts received from debt securities of INR 230,561.0 million (U.S.\$2,765.4 million) and (ii) amounts received from borrowings other than debt securities of INR 754,055.4 million (U.S.\$9,044.3 million), which was partially offset by (i) repayments of borrowings other than debt securities of INR 576,525.7 million (U.S.\$6,914.9 million) and (ii) repayments of debt securities of INR 221,770.6 million (U.S.\$2,660.0 million).

In the year ended March 31, 2023, net cash flow from our financing activities was INR 96,468.4 million primarily attributable to (i) amounts received from debt securities of INR 91,947.0 million and (ii) amounts received from borrowings other than debt securities of INR 616,339.5 million, which was partially offset by (i) repayments of borrowings other than debt securities of INR 526,250.2 million and (ii) repayments of debt securities of INR 139,922.2 million.

In the year ended March 31, 2022, net cash flow from our financing activities was INR 85,048.6 million primarily attributable to (i) amounts received from debt securities of INR 166,378.6 million and (ii) amounts received from borrowings other than debt securities of INR 414,779.3 million, which was partially offset by (i) repayments of borrowings other than debt securities of INR 402,801.0 million and (ii) repayments of debt securities of INR 162,033.6 million.

Financial Condition

Our net worth was INR 520,310.4 million (U.S.\$ 6,209.8 million) as of September 30, 2024 on an unconsolidated basis. Our net worth was INR 259,045.5 million, INR 432,020.7 million and INR 484,638.2 million as of March 31, 2022, March 31, 2023 and March 31, 2024, respectively, on an unconsolidated basis. Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

The following table sets forth our unconsolidated balance sheets as of each of the dates indicated.

Unconsolidated Balance sheet as of March 31, 2022, 2023 and 2024 and September 30, 2024

	As of September 30,	
	2024	
	(Reviewed)	2024 ⁽¹⁾
	(INR million)	(U.S.\$ million)
	(unconsolidated)	
ASSETS		
Financial assets		
Cash and cash equivalents	110,289.8	1,316.3
Bank Balance other than above	61,252.3	731.0
Derivative financial instruments	3,098.6	37.0
Receivables		
(I) Trade Receivables.....	242.7	2.9
(II) Other Receivables	2,922.7	34.8
Loans	2,246,547.3	26,812.0
Investments.....	114,330.2	1,364.5
Other Financial assets	709.9	8.5
Non-Financial Assets		
Current tax assets (net)	6,873.9	82.0
Deferred tax assets (net)	33,030.0	394.2
Property, plant and equipment	9,207.6	109.9
Intangible assets under development	37.2	0.4
Goodwill.....	14,067.3	167.9
Other Intangible assets.....	8,835.7	105.5
Other non-financial assets.....	3,653.1	43.7
Assets held for Sale	15,632.1	186.6
TOTAL Assets	2,630,730.4	31,397.2
LIABILITIES		
Financial Liabilities		
Payables		
Derivative financial instruments	0.7	-
(I) Trade Payables		
(i)Total outstanding dues of micro enterprises and small enterprises	-	-
(ii)Total outstanding dues of creditors other than microenterprises and small enterprises	2,977.9	35.5
(II) Other Payables		
(i)Total outstanding dues of micro enterprises and small enterprises	5.8	0.1
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	11.9	0.1
Debt Securities.....	561,470.9	6,701.0
Borrowings (other than debt securities).....	984,642.8	11,751.5
Deposits	501,964.1	5,990.8
Subordinated Liabilities.....	30,118.4	359.5
Other Financial liabilities	18,905.1	225.6
Non-financial liabilities		

	As of September 30,	
	2024	2024 ⁽¹⁾
	(Reviewed)	
	(INR million)	(U.S.\$ million)
	(unconsolidated)	
Current tax liabilities (net).....	5,007.6	59.8
Provisions	3,167.3	37.8
Other non-financial liabilities	1,101.8	13.2
TOTAL Liabilities	2,109,374.3	25,174.9
EQUITY		
Equity share capital	3,759.9	44.9
Other equity	517,596.2	6,177.4
TOTAL Equity	521,356.1	6,222.3
TOTAL Liabilities and Equity	2,630,730.4	31,397.2

(1) The reviewed condensed unconsolidated interim financial statements as of and for the six months ended September 30, 2024 have been translated into U.S. dollars at the rate of INR 83.7888 per U.S.\$1.00 (the closing exchange rate on September 30, 2024 was based on the FBIL Reference Rate).

	As of March 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(Audited)	(Audited)	(Audited)	
		(INR million)		(U.S.\$ million)
	(unconsolidated)			
ASSETS				
Financial assets				
Cash and cash equivalents	106,624.4	95,053.0	60,133.7	721.3
Bank Balance other than above	56,927.2	63,121.1	47,992.7	575.6
Derivative financial instruments	2,014.0	6,688.1	3,304.8	39.6
Receivables				
(I) Trade Receivables.....	53.5	170.0	516.3	6.2
(II) Other Receivables	1,904.9	2,601.2	3,329.6	39.9
Loans	1,166,651.5	1,719,845.8	2,079,294.1	24,939.4
Investments.....	68,091.6	85,650.6	105,566.4	1,278.2
Other Financial assets	514.5	727.0	682.4	8.2
Non-Financial Assets				
Current tax assets (net)	2,282.4	7,169.7	5,725.1	68.7
Deferred tax assets (net)	8,693.8	17,439.2	28,840.3	345.9
Investment Property.....	19.7	26.2	9.8	0.1
Property, plant and equipment	4,130.8	6,997.0	8,457.7	101.4
Right-of-use assets.....	-	-	-	-
Intangible assets under development	—	660.8	-	-
Goodwill.....	—	14,067.3	14,067.3	168.7
Other Intangible assets.....	30.4	12,176.5	10,339.3	124.0
Other non-financial assets.....	3,122.2	4,245.1	3,500.6	42.0

	As of March 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(Audited)	(Audited)	(Audited)	(U.S.\$ million)
		(INR million)		
TOTAL Assets	1,421,060.9	2,036,638.6	2,372,760.1	28,459.3
LIABILITIES				
Financial Liabilities				
Payables				
(I) Trade Payables				
(i)Total outstanding dues of micro enterprises and small enterprises	0.2	—	0.2	0.0
(ii)Total outstanding dues of creditors other than microenterprises and small enterprises	1,660.1	2,932.4	2,117.6	25.4
(II) Other Payables				
(i)Total outstanding dues of micro enterprises and small enterprises	14.6	3.6	22.5	0.3
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	12.1	10.9	31.6	0.4
Debt Securities.....	412,565.5	436,525.9	449,486.1	5391.2
Borrowings (other than debt securities).....	466,769.3	735,900.2	921,488.0	11,052.5
Deposits.....	219,489.8	361,398.3	444,436.6	5,330.6
Subordinated Liabilities.....	46,142.5	45,238.5	43,000.7	515.8
Lease liabilities.....	3,494.3	5,634.6	—	—
Other Financial liabilities	8,596.4	15,841.2	18,479.9	221.7
Non-financial liabilities				
Current tax liabilities (net).....	368.2	1,608.9	2,377.9	28.5
Provisions	1,381.8	2,114.8	2,962.1	35.5
Other non-financial liabilities	1,244.2	1,997.5	2,673.0	32.1
TOTAL Liabilities	1,161,739.0	1,603,572.2	1,887,076.2	22,633.9
EQUITY				
Equity share capital	2,705.2	3,744.3	3,757.9	45.1
Other equity	256,616.7	429,322.1	481,926.0	5,780.3
TOTAL Equity	259,321.9	433,066.4	485,683.9	5,825.4
TOTAL Liabilities and Equity	1,421,060.9	2,036,638.6	2,372,760.1	28,459.3

(1) The audited unconsolidated financial statements as of and for the year ended March 31, 2024 have been translated into U.S. dollars at the rate of INR 83.3739 per U.S.\$1.00 (the closing exchange rate on March 31, 2024 was based on the FBIL Reference Rate).

Assets as on September 30, 2024 on unconsolidated basis.

Assets

Our total assets were INR 2,630,730.4 million (U.S.\$ 31,397.2 million) as of September 30, 2024 on an unconsolidated basis and primarily comprised loans, cash and cash equivalents, investments and bank balance other than cash and cash equivalents.

Loans were INR 2,246,547.3 million (U.S.\$ 26,812.0 million) as of September 30, 2024 on an unconsolidated basis.

Cash and cash equivalents were INR 110,289.8 million (U.S.\$ 1,305.55 million) as of September 30, 2024 on an unconsolidated basis.

Bank balance other than cash and cash equivalents were INR 61,252.3 million (U.S.\$ 731.0 million) as of September 30, 2024 on an unconsolidated basis.

Investments were INR 114,330.2 million (U.S.\$ 1,364.5 million) as of September 30, 2024 on an unconsolidated basis.

Derivative financial instruments were INR 3,098.6 million (U.S.\$ 37.0 million) as of September 30, 2024 on an unconsolidated basis.

Trade receivables were INR 242.7 million (U.S.\$ 2.9 million) as of September 30, 2024 on an unconsolidated basis.

Other receivables were INR 2,922.7 million (U.S.\$ 34.8 million) as of September 30, 2024 on an unconsolidated basis.

Other financial assets were INR 709.9 million (U.S.\$ 8.5 million) as of September 30, 2024, on an unconsolidated basis.

Current tax assets (net) were INR 6,873.9 million (U.S.\$ 82.0 million) as of September 30, 2024 on an unconsolidated basis.

Deferred tax assets (net) were INR 33,030.0 million (U.S.\$ 394.2 million) as of September 30, 2024 on an unconsolidated basis.

Property, plant and equipment were INR 9,207.6 million (U.S.\$ 109.9 million) as of September 30, 2024 on an unconsolidated basis.

Other intangible assets were INR 8,835.7 million (U.S.\$ 105.5 million) as of September 30, 2024 on an unconsolidated basis.

Other non-financial assets were INR 3,653.1 million (U.S.\$ 43.7 million) as of September 30, 2024 on an unconsolidated basis.

Assets as on March 31, 2023 compared with March 31, 2024 on unconsolidated basis.

Our total assets increased by 16.50% from INR 2,036,638.6 million as of March 31, 2023 to INR 2,372,760.1 million (U.S.\$28,459.3 million) as of March 31, 2024. The most significant element of this increase was loans and investments.

Cash and cash equivalents decreased by 36.74% from INR 95,053.0 million as of March 31, 2023 to INR 60,133.7 million (U.S.\$721.3 million) as of March 31, 2024. This decrease was primarily due to decrease in balances with banks (of the nature of cash and cash equivalents).

Bank balance other than cash and cash equivalents decreased by 23.97% from INR 63,121.1 million as of March 31, 2023 to INR 47,992.7 million (U.S.\$575.6 million) as of March 31, 2024. This decrease was primarily due to increase in balances with banks to the extent held as credit enhancement or security against the borrowings, guarantee, other commitments.

Derivative financial instruments decreased by 50.59% from INR 6,688.1 million as of March 31, 2023 to INR 3,304.8 million (U.S.\$39.6 million) as of March 31, 2024. This increase was due to an increase in currency derivatives and interest rate derivatives.

Trade receivables increased by 203.71% from INR 170.0 million as of March 31, 2023 to INR 516.3 million (U.S.\$6.2 million) as of March 31, 2024. This increase was due to an increase in trade receivables considered good-unsecured.

Other receivables increased by 28.00% from INR 2,601.2 million as of March 31, 2023 to INR 3,329.6 million (U.S.\$39.9 million) as of March 31, 2024. This increase was primarily due to an increase in receivables against direct assignment.

Loans increased by 20.90% from INR 1,719,845.8 million as of March 31, 2023 to INR 2,079,294.1 million (U.S.\$24,939.4 million) as of March 31, 2024. The increase was primarily due to an increase in loan portfolio.

Investments increased by 24.42% from INR 85,650.6 million as of March 31, 2023 to INR 106,566.4 million (U.S.\$1,278.2 million) as of March 31, 2024. This increase was primarily due to an increase in investments in government securities, commercial paper and certificate of deposits.

Other financial assets decreased by 6.13% from INR 727.0 million as of March 31, 2023 to INR 682.4 million (U.S.\$8.2 million) as of March 31, 2024.

Current tax assets (net) decreased by 20.15% from INR 7,169.7 million as of March 31, 2023 to INR 5,725.1 million (U.S.\$ 68.7 million) as of March 31, 2024. This increase was primarily due to adjustment of tax for earlier years.

Deferred tax assets (net) increased by 65.38% from INR 17,439.2 million as of March 31, 2023 to INR 28,840.3 million (U.S.\$ 345.9 million) as of March 31, 2024. This increase was primarily on account of increase in deferred tax assets booked on impairment allowance on loans and advances.

Investment property decreased by 62.60% at INR 26.2 million as of March 31, 2023, as compared with INR 9.8 million (U.S.\$0.1 million) as of March 31, 2024.

Property, plant and equipment increased by 20.88% from INR 6,997.0 million as of March 31, 2023 to INR 8,457.7 million (U.S.\$101.4 million) as of March 31, 2024. This increase was primarily due to merging of right of use assets.

Intangible assets under development decreased from INR 660.8 million as of March 31, 2023 to nil as of March 31, 2024.

Goodwill remained at INR 14,067.3 million (U.S.\$168.7 million) as of March 31, 2024 from INR 14,067.3 million as of March 31, 2023.

Other intangible assets decreased by 15.09% from INR 12,176.5 million as of March 31, 2023 to INR 10,339.3 million (U.S.\$124.0 million) as of March 31, 2024. This decrease was because of disposals of computer software and distribution network.

Other non-financial assets decreased by 17.54% from INR 4,245.1 million as of March 31, 2023 to INR 3,500.6 million (U.S.\$42.0 million) as of March 31, 2024. This decrease was primarily due to reduction in GST input tax credits receivables.

Assets as on March 31, 2022 compared with March 31, 2023 on unconsolidated basis.

Our total assets increased by 43.32% from INR 1,421,060.9 million as of March 31, 2022 to INR 2,036,638.6 million (U.S.\$ 24,771.5 million) as of March 31, 2023. The most significant element of this increase was loans and investments, due to the impact from the Merger.

Cash and cash equivalents decreased by 10.85% from INR 106,624.4 million as of March 31, 2022 to INR 95,053.0 million (U.S.\$ 1,156.1 million) as of March 31, 2023. This decrease was primarily due to decrease in balances with banks (of the nature of cash and cash equivalents), and due to the impact from the Merger.

Bank balance other than cash and cash equivalents increased by 10.88% from INR 56,927.2 million as of March 31, 2022 to INR 63,121.1 million (U.S.\$ 767.7 million) as of March 31, 2023. This increase was primarily due to increase in balances with banks to the extent held as credit enhancement or security against the borrowings, guarantee, other commitments, and due to the impact from the Merger.

Derivative financial instruments increased by 232.08% from INR 2,014.0 million as of March 31, 2022 to INR 6,688.1 million (U.S.\$81.3 million) as of March 31, 2023. This increase was due to an increase in currency derivatives and interest rate derivatives, and due to the impact from the Merger.

Trade receivables increased by 217.76% from INR 53.5 million as of March 31, 2022 to INR 170.0 million (U.S.\$2.1 million) as of March 31, 2023. This increase was due to an increase in trade receivables considered good-unsecured, and due to the impact from the Merger.

Other receivables increased by 36.55% from INR 1,904.9 million as of March 31, 2022 to INR 2,601.2 million (U.S.\$31.6 million) as of March 31, 2023. This increase was primarily due to an increase in receivables against direct assignment, and due to the impact from the Merger.

Loans increased by 47.42% from INR 1,166,651.5 million as of March 31, 2022 to INR 1,719,845.8 million (U.S.\$ 20,918.4 million) as of March 31, 2023. The increase was primarily due to an increase in loan portfolio, and due to the impact from the Merger.

Investments increased by 25.79% from INR 68,091.6 million as of March 31, 2022 to INR 85,650.6 million (U.S.\$ 1,041.8 million) as of March 31, 2023. This increase was primarily due to an increase in investments in government securities, commercial paper and certificate of deposits, and due to the impact from the Merger.

Other financial assets increased by 41.30% from INR 514.5 million as of March 31, 2022 to INR 727.0 million (U.S.\$8.8 million) as of March 31, 2023.

Current tax assets (net) increased by 214.13% from INR 2,282.4 million as of March 31, 2022 to INR 7,169.7 million (U.S.\$ 87.2 million) as of March 31, 2023. This increase was primarily due to adjustment of tax for earlier years, and due to the impact from the Merger.

Deferred tax assets (net) increased by 100.59% from INR 8,693.8 million as of March 31, 2022 to INR 17,439.2 million (U.S.\$ 212.1 million) as of March 31, 2023. This increase was primarily on account of increase in deferred tax assets booked on impairment allowance on loans and advances, and due to the impact from the Merger.

Investment property increased by 32.99% at INR 19.7 million as of March 31, 2022, as compared with INR 26.2 million (U.S.\$0.3 million) as of March 31, 2023.

Property, plant and equipment increased by 69.39% from INR 4,130.8 million as of March 31, 2022 to INR 6,997.0 million (U.S.\$85.1 million) as of March 31, 2023. This increase was primarily due to the impact from the Merger.

Intangible assets under development increased from nil as of March 31, 2022 to INR 660.8 million (U.S.\$8.0 million) as of March 31, 2023. This increase was because of the impact from the Merger.

Goodwill increased from nil as of March 31, 2022 to INR 14,067.3 million (U.S.\$171.1 million) as of March 31, 2023. This increase was because of the impact from the Merger.

Other intangible assets increased by 39,954.28% from INR 30.4 million as of March 31, 2022 to INR 12,176.5 million (U.S.\$148.1 million) as of March 31, 2023. This increase was because of the impact from the Merger.

Other non-financial assets increased by 35.97% from INR 3,122.2 million as of March 31, 2022 to INR 4,245.1 million (U.S.\$51.6 million) as of March 31, 2023. This increase was primarily due to the impact from the Merger.

Liabilities and Equity as on September 30, 2024 on unconsolidated basis.

Liabilities and Equity

Total liabilities and equity were INR 2,630,730.4 million (U.S.\$ 31,397.2 million) as of September 30, 2024, on an unconsolidated basis, and primarily comprised borrowings (other than debt securities), debt securities and deposits.

Borrowings (other than debt securities) were INR 984,642.8 million (U.S.\$ 11,751.5 million) as of September 30, 2024, on an unconsolidated basis, and primarily comprised (i) Indian Rupee-denominated term

loans from banks, (ii) other loans and Indian Rupee-denominated securitization liabilities, (iii) Indian Rupee-denominated term loans from financial institutions/ corporates, and (iv) external commercial borrowings.

Debt securities were INR 561,470.9 million (U.S.\$ 6,701.0 million) as of September 30, 2024, on an unconsolidated basis, and primarily comprised (i) privately placed redeemable non-convertible debentures, and (ii) external commercial bond.

Deposits were INR 501,964.1 million (U.S.\$ 5,990.8 million) as of September 30, 2024, on an unconsolidated basis, and primarily comprised unsecured public deposits.

Subordinated liabilities were INR 30,118.4 million (U.S.\$ 359.5 million) as of September 30, 2024, on an unconsolidated basis and comprised subordinated debts – debentures in India.

Trade payables – total outstanding dues of micro enterprises and small enterprises were nil as of September 30, 2024 on an unconsolidated basis.

Trade payables – total outstanding dues of creditors other than micro enterprises and small enterprises were INR 2,977.9 million (U.S.\$ 35.5 million) as of September 30, 2024 on an unconsolidated basis.

Other payables – total outstanding dues of micro enterprises and small enterprises were INR 5.8 million (U.S.\$ 0.1 million) as of September 30, 2024 on an unconsolidated basis.

Other payables – total outstanding dues of creditors other than micro enterprises and small enterprises were INR 11.9 million (U.S.\$ 0.1 million) as of September 30, 2024 on an unconsolidated basis.

Other financial liabilities were INR 18,905.1 million (U.S.\$ 225.6 million) as of September 30, 2024 on an unconsolidated basis.

Current tax liabilities (net) were INR 5,007.6 million (U.S.\$ 59.8 million) as of September 30, 2024, on an unconsolidated basis.

Provisions were INR 3,167.3 million (U.S.\$ 37.8 million) as of September 30, 2024, on an unconsolidated basis.

Other non-financial liabilities were INR 1,101.8 million (U.S.\$ 13.2 million) as of September 30, 2024, on an unconsolidated basis.

Equity share capital was INR 3,759.9 million (U.S.\$ 44.9 million) as of September 30, 2024, on an unconsolidated basis.

Other equity was INR 517,596.2 million (U.S.\$ 6,177.4 million) as of September 30, 2024, on an unconsolidated basis.

Liabilities and Equity as on March 31, 2023 compared with March 31, 2024 on unconsolidated basis.

Total liabilities and equity increased by 16.50% from INR 2,036,638.6 million as of March 31, 2023 to INR 2,372,760.1 million (U.S.\$ 28,459.3 million) as of March 31, 2024, which was primarily in line as per normal course of business.

Trade payables – total outstanding dues of micro enterprises and small enterprises increased from nil as of March 31, 2023 to INR 0.2 million (U.S.\$ 0.002 million) as of March 31, 2024, which was primarily in line as per normal course of business.

Trade payables – total outstanding dues of creditors other than micro enterprises and small enterprises decreased by 27.79% from INR 2,932.4 million as of March 31, 2023 to INR 2,117.6 million (U.S.\$ 25.4 million) as of March 31, 2024. This decrease was in line as per normal course of business.

Other payables – total outstanding dues of micro enterprises and small enterprises were INR 3.6 million as of March 31, 2023 and INR 22.5 million (U.S.\$ 0.27 million) as of March 31, 2024.

Other payables – total outstanding dues of creditors other than micro enterprises and small enterprises increased by 189.91% from INR 10.9 million as of March 31, 2023 to INR 31.6 million (U.S.\$ 0.4 million) as of March 31, 2024. The increase in payable was as per normal course of business.

Debt securities increased by 2.97% from INR 436,525.9 million as of March 31, 2023 to INR 449,486.1 million (U.S.\$ 5391.2 million) as of March 31, 2024, as per normal course of business.

Borrowings (other than debt securities) increased by 25.22% from INR 735,900.2 million as of March 31, 2023 to INR 921,488.0 million (U.S.\$ 11,052.5 million) as of March 31, 2024, as per normal course of business.

Deposits increased by 22.98% from INR 361,398.3 million as of March 31, 2023 to INR 444,436.6 million (U.S.\$ 5,330.6 million) as of March 31, 2024, as per normal course of business.

Subordinated liabilities decreased by 4.95% from INR 45,238.5 million as of March 31, 2023 to INR 43,000.7 million (U.S.\$ 515.8 million) as of March 31, 2024, as per normal course of business.

Other financial liabilities increased from INR 15,841.2 million as of March 31, 2023 to INR 18,479.9 million (U.S.\$ 221.65 million) as of March 31, 2024.

Current tax liabilities increased by 47.80% from INR 1,608.9 million as of March 31, 2023 to INR 2,377.9 million (U.S.\$ 28.5 million) as of March 31, 2024, as per normal course of business.

Provisions increased by 40.07% from INR 2,114.8 million as of March 31, 2023 to INR 2,962.1 million (U.S.\$ 35.5 million) as of March 31, 2024, as per normal course of business.

Other non-financial liabilities increased by 33.82% from INR 1,997.5 million as of March 31, 2023 to INR 2,673.0 million (U.S.\$ 32.1 million) as of March 31, 2024, as per normal course of business.

Equity share capital marginally increased by 0.36% from INR 3,744.3 million as of March 31, 2023 to INR 3,757.9 million (U.S.\$ 45.1 million) as of March 31, 2024, as per normal course of business.

Other equity increased by 12.25% from INR 429,322.1 million as of March 31, 2023 to INR 481,926.0 million (U.S.\$ 5,780.3 million) as of March 31, 2024, as per normal course of business.

Liabilities and Equity as on March 31, 2022 compared with March 31, 2023 on unconsolidated basis.

Total liabilities and equity increased by 43.32% from INR 1,421,060.9 million as of March 31, 2022 to INR 2,036,638.6 million as of March 31, 2023, which was primarily due to an increase in other equity and increase in deposits, and due to the impact from the Merger.

Trade payables – total outstanding dues of micro enterprises and small enterprises were INR 0.2 million as of March 31, 2022 and nil as of March 31, 2023.

Trade payables – total outstanding dues of creditors other than micro enterprises and small enterprises increased by 76.64% from INR 1,660.1 million as of March 31, 2022 to INR 2,932.4 million as of March 31, 2023. This increase was due to an increase in trade payables in the normal course of business, and due to the impact from the Merger.

Other payables – total outstanding dues of micro enterprises and small enterprises were INR 14.6 million as of March 31, 2022 and INR 3.6 million as of March 31, 2023.

Other payables – total outstanding dues of creditors other than micro enterprises and small enterprises decreased by 9.92% from INR 12.1 million as of March 31, 2022 to INR 10.9 million as of March 31, 2023. The payable decreased due to a decrease in creditors for capital expenditure, and due to the impact from the Merger.

Debt securities increased by 5.81% from INR 412,565.5 million as of March 31, 2022 to INR 436,525.9 million as of March 31, 2023, primarily as a result of issuance of External Commercial Bonds and privately placed redeemable non-convertible debentures during the year, and due to the impact from the Merger.

Borrowings (other than debt securities) increased by 57.66% from INR 466,769.3 million as of March 31, 2022 to INR 735,900.2 million as of March 31, 2023, primarily as a result of an increase in term loans from banks and financial institutions, and due to the impact from the Merger.

Deposits increased by 64.65% from INR 219,489.8 million as of March 31, 2022 to INR 361,398.3 million as of March 31, 2023, primarily due to an increase in public deposits, and due to the impact from the Merger.

Subordinated liabilities marginally decreased by 1.96% from INR 46,142.5 million as of March 31, 2022 to INR 45,238.5 million as of March 31, 2023, primarily as a result of drop in subordinated liabilities, and due to the impact from the Merger.

Other financial liabilities increased by 18.73% from INR 8,596.4 million as of March 31, 2022 to INR 10,206.6 million as of March 31, 2023.

Lease liabilities increased by 61.25% from INR 3,494.3 million as of March 31, 2022 to INR 5,634.6 million as of March 31, 2023, due to the impact from the Merger.

Current tax liabilities increased by 336.96% from INR 368.2 million as of March 31, 2022 to INR 1,608.9 million as of March 31, 2023 due to increase in net advance tax, and due to the impact from the Merger.

Provisions increased by 53.05% from INR 1,381.8 million as of March 31, 2022 to INR 2,114.8 million as of March 31, 2023 due to increase in expected credit loss towards undrawn loan commitments and contested taxes, and due to the impact from the Merger.

Other non-financial liabilities increased by 60.54% from INR 1,244.2 million as of March 31, 2022 to INR 1,997.5 million as of March 31, 2023 due to increase in statutory dues payable, and due to the impact from the Merger.

Equity share capital increased by 38.41% from INR 2,705.2 million as of March 31, 2022 to INR 3,744.3 million as of March 31, 2023 due to the impact from the Merger.

Other equity increased by 67.30% from INR 256,616.7 million as of March 31, 2022 to INR 429,322.1 million as of March 31, 2023, due to the impact from the Merger.

Indebtedness

The following table sets forth the principal components of our secured borrowings on an unconsolidated basis.

Unconsolidated as of September 30, 2024

	As of September 30,	
	2024	
	(Reviewed)	
	(INR million)	(U.S.\$ million)
Redeemable Non-Convertible Debentures – Privately Placed	364,792.6	4,353.7
Redeemable Non-Convertible Debentures – Public issue	7,899.0	94.3
Others (Senior Secured Notes)	-	-
Term loans:		
Term loans from banks.....	372,226.8	4,442.4
Term loans from financial institutions.....	93,289.6	1,113.4
Other loans – Securitisation liabilities.....	344,672.7	4,113.6
External commercial bonds	154,438.7	1,843.2
External commercial borrowings	163,080.7	1,946.3
Loans repayable on demand:		
From Banks (Cash credit).....	11,373.0	135.8
Total secured borrowings	1,511,773.1	18,042.7

The following table sets forth the principal components of our unsecured borrowings on an unconsolidated basis.

Unconsolidated as of September 30, 2024

	As of September 30,	
	2024	
	(Reviewed)	
	(INR million)	(U.S.\$ million)
Deposits		
i. Public deposits	482,392.5	5,757.2
ii. From corporate.....	19,571.6	233.6
iii. From others (Inter-corporate deposits from associate)	-	-
Subordinated Debts (Unsecured) – Debentures, Bonds.....	30,118.4	359.5
Commercial paper.....	34,340.6	409.8
Total unsecured borrowings.....	566,423.1	6,760.1

Contingent Liabilities

As of September 30, 2024, we had certain contingent liabilities not provided for, as set out in the table below. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

	As of September 30, 2024
	(Reviewed)
	(INR million)
	(Unconsolidated)
Contingent Liabilities not provided for	
Income tax demands where the Company has filed an appeal before various authorities	562.2
VAT demand where the Company has filed an appeal before various appellate courts	0.2

Service tax demands where the Company has filed appeal before various authorities*	20,566.1
GST demand where the Company has filed appeals	223.1
Stamp duty demand raised by District Registrar office against which the Company has filed appeal	66.9

Commitments

The Company had the following commitments as of the dates indicated.

Unconsolidated as of September 30, 2024

Particulars	As of
	September 30, 2024
	(Reviewed)
	(INR million)
	(Unconsolidated)
Commitments not provided for:	
Estimated amount of contracts remaining to be executed on capital account	354.9
Commitments related to loans sanctioned but undrawn	2,334.3

Off-Balance Sheet Arrangements

Save as described above, as of September 30, 2024, we did not have any material off-balance sheet arrangements.

Competitive Conditions

Please refer to the sections entitled “*Business*,” “*Industry Overview*” and “*Risk Factors*” in this Offering Circular regarding competition.

Unusual or Infrequent Events or Transactions

Except as described in this Offering Circular, there have been no other events or transactions to the best of our knowledge which may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Except as described in the sections titled “*Our Business*,” “*Industry Overview*” and “*Risk Factors*”, this section and elsewhere in this Offering Circular, to the best of our knowledge there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on the Group’s revenues or income from continuing operations.

Future Relationship between Cost and Income

Except as described in the sections titled “*Risk Factors*”, “*Business*” and this section, to the best of our knowledge, there are no known factors that will have a material adverse impact on our operations and finances.

Financial Risks

In our normal course of business, we are exposed to various risks arising from our operations, including interest rate risk, liquidity risk, credit risk and cash management risk. For more information on these risks, see “*Assets and Liabilities—Risk Management*.”

OUR BUSINESS

The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in this offering circular, including the information contained in “Selected Financial Information” and “Risk Factors” of this offering circular.

Overview

The Company is registered as a deposit-taking non-banking financial company (“NBFC”) with the Reserve Bank of India (“RBI”) under Section 45-IA of the Reserve Bank of India Act, 1934. Shriram Finance Limited is the country’s biggest retail NBFC offering credit solutions for commercial vehicles, two-wheeler loans, car loans, home loans, gold loans, personal and small enterprise/ micro, small and medium enterprises (“MSME”) loans, and a large fixed deposit franchise Pan-India. We are part of the 49-year-old Shriram Group, which has a strong presence in the financial services industry in India, including in commercial vehicle financing, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products, such as life and general insurance products and mutual fund products. Our Company (formerly Shriram Transport Finance Company Limited) was incorporated as a public limited company under the provisions of the Companies Act, 1956, by a certificate of incorporation dated June 30, 1979, issued by the Registrar of Companies, Tamil Nadu (“ROC”). Our Company commenced its operations, pursuant to a certificate of commencement of business dated October 9, 1979. Subsequently, our Company has obtained a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45-IA of the Reserve Bank of India Act, 1934, which has been renewed on April 17, 2007 (bearing registration no. 07-00459). Our Company is also registered with Insurance Regulatory and Development Authority of India as a corporate agent to deal in general insurance and life insurance since 2013 and with Association of Mutual Funds in India (AMFI) as a distributor of mutual fund products with effect from May 2023.

Shriram City Union Finance Limited and Shriram Capital Limited merged with Shriram Transport Finance Company Limited whose name has been changed to Shriram Finance Limited. Powered by cutting-edge technology, Shriram Finance Limited is a digitally mature financial institution that reflects the banking needs of Millennial and Gen-Z customers.

We offer a diversified retail suite of products to customers with a focus on serving the financially underbanked customer segments in India. Our asset-based product offerings include: (i) commercial vehicle finance that we extend for new and pre-owned vehicles across several categories, including multi-utility vehicles, tractors, two- and three-wheelers, to FTBs, and SRTOs; (ii) financing to MSME customers through products for purchase of new and pre-owned construction equipment, farm equipment and accessories, typically consisting of self-employed professionals, wholesale and retail dealers, merchants, builders, small and medium scale manufacturing concerns and service providers; (iii) gold loans primarily to individuals who own gold jewellery, but do not have access to formal credit within a reasonable time, or to whom credit may not be available at all, to meet their short-term requirements; and (iv) personal loans to customer segments that do not have easy access to banks or other modes of financing for immediate short- or medium-term funding requirements.

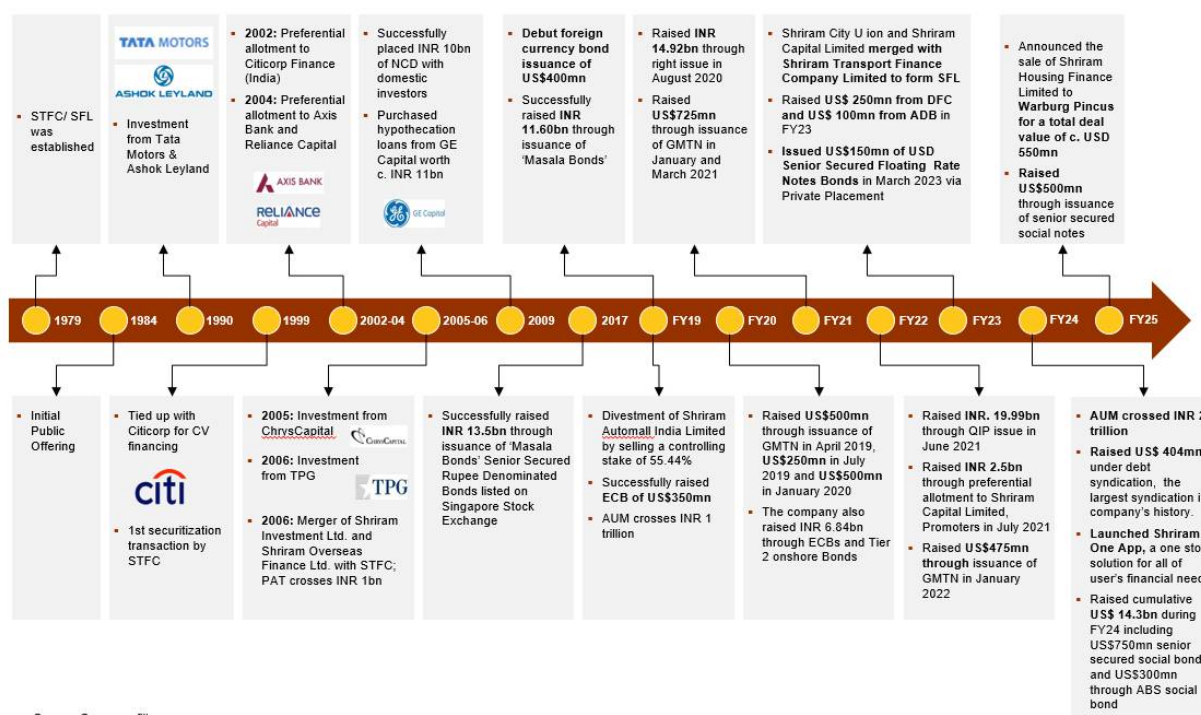
Our widespread network of branches across India is a key driver of our growth. As of September 30, 2024, we had 3,149 branches across India, including most of the major commercial vehicle hubs along various road transportation routes in India, as well as a presence in 679 rural centers across India. As of the same date, we had a total number of 77,764 employees. Our Assets Under Management as of September 30, 2024, was INR 2,430,425.5 million (U.S.\$ 29,006.6 million) (comprising Total Loan Assets (gross of Provisions) of INR 2,398,225.3 million (U.S.\$ 28,622.3 million) and loan assets assigned of INR 32,200.2 million (U.S.\$ 384.3 million)) on an unconsolidated basis. Our capital adequacy ratio as of September 30, 2024, computed on the basis of applicable RBI requirements, was 20.16% on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.00%. Our Tier I capital as of September 30, 2024, was INR 421,005.1 million (U.S.\$ 5,024.6 million) on an unconsolidated basis. Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) were 5.32% as of September 30, 2024, on an unconsolidated basis. In addition, our return on average equity, total income, profit after tax from operations for the six months ended September 30, 2024 was 25.70%, INR 196,937.5 million (U.S.\$ 2,350.4 million), INR 40,518.5 million (U.S.\$ 483.6 million),

respectively. See “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and “*Assets and Liabilities*.”

History

The following timeline sets forth certain of our notable events since our establishment:

Key Milestones and History of Collaborative Growth



Source: Company filings

Recent Acquisitions and Disinvestment

Acquisition of Shriram Overseas Investments Private Limited

The Audit Committee and the Board of Directors (“**Board**”) of the Company at their respective meetings held on April 26, 2024, subject to the approval of the Reserve Bank of India (“**RBI**”), approved the acquisition of 100% equity stake in Shriram Overseas Investments Private Limited (“**SOIPL**”) from Shriram Investments Holdings Private Limited for a total consideration up to INR 480.5 million and to make further investment post acquisition by way of new equity shares in SOIPL for the purpose of carrying out ‘primary dealership’ business. The Company shall enter into a share purchase agreement governing the terms and conditions of the aforesaid transaction upon receipt of the approval from RBI.

SOIPL is a non-banking financial company within the promoter group of the Company and is engaged in the business of investment in, acquiring and holding, underwriting, subscribing for and/or selling or disposing shares, bonds, stocks, securities, debenture stocks issued by any company constituted and carrying on any business in India or elsewhere, and also acting as underwriters and brokers of stock, shares, debentures, government bonds, units of Unit Trust of India, national savings certificate, fixed deposits and other savings instruments.

Consequent to the acquisition of the entire share capital of SOIPL by the Company, SOIPL shall make necessary application to the RBI for undertaking the primary dealership business. Accordingly, the name of SOIPL shall be changed to “Shriram Gilts Limited or Shriram Primary Dealership Private Limited or Shriram Primary Dealer Private Limited” to align the name with the business of primary dealership, subject to approval

of the Registrar of Companies. Given that the current fixed income activities of SOIPL could be merged into the primary dealership business, the Company expects the primary dealership business to benefit from wider acceptability and balance sheet capabilities. The Company also anticipates significant opportunities to access the fixed income market with a secured source of funds through acquiring the primary dealership license from the RBI.

As on the date of this Offering Circular, the Company is awaiting RBI's approval for the proposed acquisition transaction.

Disinvestment in Shriram Housing Finance Limited

The Board of Directors of the Company at its meeting held on May 13, 2024, *inter alia*, approved the proposal for disinvestment/ sale/ transfer of the Company's entire stake in Shriram Housing Finance Limited ("SHFL"), a "high value debt-listed" non-material subsidiary of the Company, to Mango Crest Investment Ltd. (an affiliate of Warburg Pincus) for a consideration up to INR 39,090 million along with certain additional amounts based on occurrence of identified events.

In this regard, the Company has entered into a share purchase agreement on May 13, 2024 with SHFL, Valiant Mauritius Partners FDI Limited and Mango Crest Investment Ltd. (an affiliate of Warburg Pincus) ("**Purchaser**").

SHFL had received approval from the Competition Commission of India on August 20, 2024 and from the RBI on October 21, 2024 for the said transaction subject to compliance with conditions specified therein.

On December 11, 2024, Our Company had transferred 308,111,107 equity shares of SHFL to the Purchaser for a consideration of INR 39,29,03,28,364.64. Accordingly, SHFL ceased to be subsidiary of the Company.

Our Strengths

We believe that the following are our key strengths:

One of the largest retail-NBFCs in India

We believe we are one of the largest retail-NBFCs in the organized sector in India. Following the Merger, we also advance small business loans, personal loans and other loans to lower and middle-income groups and small enterprise borrowers in addition to offering asset financing products to our existing customer base of FTBs and SRTOs. As of September 30, 2024, our widespread network of 3,149 branches across India and presence in 679 rural centers enables us to access a large base of approximately 9.03 million customers, with a combined Assets Under Management of INR 2,430,425.5 million (U.S.\$ 29,006.6 million). Our Assets Under Management as of September 30, 2024, was INR 2,430,425.5 million (U.S.\$ 29,006.6 million) (comprising Total Loan Assets (gross of Provisions) of INR 2,398,225.3 million (U.S.\$ 28,622.3 million) and loan assets assigned of INR 32,200.2 million (U.S.\$ 384.3 million)). Our capital adequacy ratio as of September 30, 2024, computed on the basis of applicable RBI requirements, was 20.16% on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.00%. Our Tier I capital as of September 30, 2024, was INR 32,200.2 million (U.S.\$ 5,024.6 million) on an unconsolidated basis.

The below table shows our Assets Under Management split as of September 30, 2024:

Product (Rs. mn)	Q2 FY25	
	Amt	%
Commercial Vehicles	1,121,940.6	46.16%
Passenger Vehicles	490,003.2	20.16%
Construction Equipments	176,377.1	7.26%
Farm Equipments	44,677.0	1.84%
MSME	322,996.8	13.29%
Two Wheelers	130,890.8	5.39%
Gold	60,804.6	2.50%
Personal Loans	82,735.4	3.40%
Total AUM	2,430,425.5	100.00%

We believe that our widespread branch network and strong workforce of more than 77,764 employees as of September 30, 2024, enables us to service our existing customers from proximate locations and provide them access to a broad spectrum of financial services. We are a one-stop-shop for credit solutions, our growing suite of offerings include financing for commercial vehicles, passenger vehicles, construction equipment, farm equipment, micro, small and medium enterprises, two-wheelers, gold loans, personal loans and other loans.

We have also strategically expanded our marketing and customer origination network by entering into partnership and co-financing arrangements with private financiers. We believe our relationship with these partners is a critical factor in sourcing new customers and enhancing reach and market share with a low upfront capital cost. We also believe that the relationships we have developed with our customers provide us with opportunities for repeat business and to cross-sell our other products as well as derive benefit from customer referrals.

Diversified retail product suite catering to the underbanked

We offer a diversified retail suite of products to customers with a focus on serving the financially underbanked customer segments in India. Our asset-based product offerings include: (i) commercial vehicle finance that we extend for new and pre-owned vehicles across several categories, including multi-utility vehicles, tractors, two- and three-wheelers, to FTBs, and SRTOs; (ii) financing to MSME customers through products for purchase of new and pre-owned construction equipment, farm equipment and accessories, typically consisting of self-employed professionals, wholesale and retail dealers, merchants, builders, small and medium scale manufacturing concerns and service providers; (iii) gold loans primarily to individuals who own gold jewellery, but do not have access to formal credit within a reasonable time, or to whom credit may not be available at all, to meet their short-term requirements; and (iv) personal loans to customer segments that do not have easy access to banks or other modes of financing for immediate short- or medium-term funding requirements. Advances for commercial vehicle finance, MSME customers, gold loans and personal loans accounted for 46.16%, 13.29%, 2.50% and 3.40% of our total Assets Under Management as of September 30, 2024, respectively.

Our target addressable market includes underbanked customers who lack substantial credit histories and other financial documentation and are therefore not serviced by traditional banking channels. We undertake research on various segments within these markets to understand their borrowing profile in the absence of formal documentation. We believe that owing to our diversified asset base, we are relatively insulated from counter cyclical impacts across economic cycles. We also believe that each of our products is well positioned to grow given significant potential for cross-sell opportunities.

Market leader in key product segments

We continue to be, one of the largest NBFCs in India, catering to FTBs and SRTOs for financing pre-owned commercial vehicles. We also have a product line of loans to small enterprise segments, two-wheelers, gold and housing has historically catered to unbanked and underserved customers through a pan-India network of 3,149 branches as of September 30, 2024. Our market leadership in financial services and two-wheeler financing products is reflected in its market share in the sector.

We seek to leverage our experience in offering complementary product lines and well-established distribution network and customer base. We are well positioned to continue to derive synergies resulting from cross-selling opportunities.

Improving credit metrics

We have been able to benefit from the resulting synergies such as improved operational efficiencies, employee productivity and process improvements; integration of our technology platform; increased negotiating power due to a larger overall treasury; reducing our overall acquisition costs as a result of a unified database and SuperApp architecture; an expanded wallet share; as well as deepening our insurance cross-selling to a unified customer base.

Our total income (including exceptional items) was INR 196,937.5 million (U.S.\$ 2,350.4 million) in the six months ended September 30, 2024, on an unconsolidated basis. Our return on average assets was 5.20% and return on average equity was 25.70% as of September 30, 2024, on an unconsolidated basis.

Balance Sheet Metrics (Rs. mn)	Q2 FY25
Networth	520,310.4
Book Value (Rs.)	1,386.62
Interest Coverage (x)	2.30
ROA (%)	3.06%
ROE (%)	16.00%
Tier I CRAR %	19.36%
Tier II CRAR %	0.80%
Total CRAR %	20.16%

Our interest coverage ratio was 2.30% as of September 30, 2024 on an unconsolidated basis, and our net interest income increased by 7,885.6 million to INR 56,067.4 million for the quarter ended September 30, 2024 from INR 48,181.8 million for the quarter ended September 30, 2023, on an unconsolidated basis.

Additionally, our capital adequacy ratio as of September 30, 2024, computed on the basis of applicable RBI requirements, was 20.16% on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.0%. Our Stage 3 Assets increased by INR 12,079.1 million to INR 127,642.3 million (U.S.\$ 1,523.4 million) as of September 30, 2024 from INR 115,563.2 million as of September 30, 2023; and our net interest margin as of September 30, 2024 was 8.74% per our financial results on an unconsolidated basis.

P&L Metrics (Rs. mn)	Q2 FY25
Interest Income	100,047.7
Less: Interest Expenses	43,980.3
Net Interest Income	56,067.4
Other Operating Income & Other Income	894.0
Profit After Tax	20,712.6
EPS (Rs.)	55.09
Cost to income Ratio (%)	27.95%
NIM	8.74%

Catering to an underbanked customer segment

We cater to customers that we believe are not a focus segment for commercial banks in India as these customers lack substantial credit histories and other financial documentation on which many banks rely to identify and target new customers. As the market for our products, especially pre-owned commercial vehicle financing, is fragmented, we believe our credit evaluation techniques, relationship-based approach, extensive branch network and strong valuation skills make our business model unique and sustainable as compared to other financiers. In addition, we believe that our business model is easily scalable at local levels throughout India, since we can recruit staff from India's abundant labor markets. We have an established track record of developing and training recruits on our internally developed valuation techniques, substantial customer knowledge and relationship culture which have been developed over the past four decades. We believe this is a key strength that is difficult to replicate and constitutes a high barrier to entry which enables us to provide finance to FBOs, SRTOs, low and middle income groups and small business enterprises at favorable interest rates and repayment terms as compared to private financiers in the unorganized sector.

Our targeted focus on the otherwise fragmented nature of this market segment, our widespread branch network, as well as our large customer base has enabled us to build a strong brand. We believe that our efficient credit approval procedures, credit delivery process and relationship-based loan administration and monitoring methodology have also aided in increasing customer loyalty and earning repeat business and customer referrals.

Access to a range of cost-effective funding sources

We fund our capital requirements through a variety of sources. Our total deposits were INR 482,392.5 million as of September 30, 2024 on an unconsolidated basis that comprised of a diversified funding mix. Term loans from banks (including cash credit and external commercial borrowing), the issue of non-convertible debentures, deposits (including public and corporate deposits), and external commercial bond represented 42.80%, 18.00%, 24.15% and 7.4% of our total borrowings, respectively, as of September 30, 2024 on an unconsolidated basis.

We have been able to further access public deposits and as of September 30, 2024, 24.20% of our borrowed funds on an unconsolidated basis consisted of funds raised through retail borrowings. As a deposit-taking NBFC, we are also able to mobilize fixed deposits. These deposits are primarily sourced from retail customer segments, which enables our customers to realize their savings goals, while also providing us with low cost of funding opportunities.

We access funds from a number of credit providers, including more than 50 banks and institutions comprising nationalized banks, private Indian banks and foreign banks, and funds raised from such financial institutions and banks (including public issues of non-convertible debentures), represented 75.80% of our borrowed funds as of September 30, 2024 on an unconsolidated basis. We have raised secured and unsecured non-convertible debentures at competitive rates. We have also raised subordinated loans eligible for Tier II capital. We believe our track record of debt servicing has allowed us to establish and maintain strong relationships with these financial institutions, some of which we have worked with for more than 10 years. We have been able to build and maintain strong banking relationships with public sector banks such as State Bank of India, Bank of Baroda and Union Bank of India; private lending banks such as Axis Bank, ICICI Bank, HDFC Bank and Kotak Mahindra Bank; and Foreign Banks such as Standard Chartered Bank, HSBC, Deutsche Bank, Citigroup and Barclays.

We also believe our securitized and assigned asset pools are particularly attractive to these banks as such transactions provide them with an avenue to increase their asset base through low-cost investments and limited risk. In particular, we provide funding to sectors identified by the RBI as "priority sectors", that helps our lenders comply with regulations that required them to meet certain "priority sector advances" targets. We believe that we can negotiate competitive interest rates with banks, NBFCs and other lenders since the majority of our loan portfolio is classified as priority sector lending. During the six months ended September 30, 2024, the total book value of loan assets including securitized and assigned on an unconsolidated basis was INR 2,398,225.3 million (U.S.\$ 28,622.3 million).

Our debt instruments have been rated by several rating agencies including Credit Analysis and Research Ltd. (“**CARE**”), CRISIL Limited (“**CRISIL**”), Standard & Poor’s Ratings, India Ratings & Research Private Limited, ICRA, and Fitch Ratings. For details on our credit ratings, see “*Business – Credit Ratings*”. We believe that we have been able to achieve a relatively stable cost of funds, primarily due to our improved credit ratings, effective treasury management and innovative fund-raising programs. For the six months ended September 30, 2024, our cost of borrowing was 8.70% of our total costs on an unconsolidated basis. As of September 30, 2024, our liquidity coverage ratio is 234.61% on an unconsolidated basis. We believe this will further enable us to borrow from a range of sources at competitive rates.

Strong credit origination and appraisal and collection processes

We believe that we have developed a unique business model that addresses the needs of a specific market segment with increasing demand. We focus on closely monitoring our assets and borrowers through relationship executives who develop long-term relationships with our target customer segments including FTBs and SRTOs, lower and middle-income groups and small enterprise borrowers, which enable us to capitalize on local knowledge.

Extensive expertise in understanding the credit behavior of our target customer segment is a pre-requisite for any NBFC providing loans to individuals from lower and middle-income groups and FTBs and SRTOs. We have gained a deep understanding of the market over the years that enables us to understand and meet the financing requirements of potential customers. We undertake research on various segments within these markets to understand their borrowing profile in the absence of formal documentation. For example, our expertise in valuing pre-owned vehicles enables us to accurately determine the recoverable loan amount for commercial vehicle purchases. We engage third parties for certain valuation services that involves physical verification of assets. Furthermore, based on our experience in serving the underserved segments we are able to assess the income profile and potential repayment ability of households engaged in carrying out farm work. Factors we consider for this purpose include ownership of land, cattle, and cash flow generation from these resources.

We have formulated stringent credit policies, including setting limits on customer exposure to ensure the asset quality of our loans and the security provided for such loans. Furthermore, we have nurtured a culture of accountability by making our relationship executives responsible for loan administration and monitoring as well as recovery of the loans they originate. We believe a tested valuation technique for these assets is a crucial entry barrier for others seeking to enter our market segment. Furthermore, our entire recovery and collection operation is administered in-house and we do not outsource loan recovery and collection operations. We believe that our loan recovery procedure is particularly well suited to our target customer segment, as reflected by our high loan recovery ratios compared to others in the financial services industry, and we believe that this knowledge and relationship-based recovery procedure is difficult to replicate in the short to medium term.

Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions), was 5.32%, and our Stage 3 Assets net of Stage 3 Provisions as a percentage of Net Loan Assets was 2.64% as of September 30, 2024 on an unconsolidated basis.

Positive long-term industry prospects

We believe the market we serve enjoys positive long-term prospects as a result of favorable macro and microeconomic factors, including the favorable inflation and interest rate environment in India, further liberalization initiatives and the opening of the economy by the Government, leading to increased business for our customers, which would in turn lead to a higher demand for the assets we finance.

Strong credit growth, resilient financial markets, and the government’s continued efforts to drive capital spending and infrastructure are expected to create a positive environment for investment. The passenger vehicle industry is expected to grow between 3% to 6% in fiscal year 2025 in terms of assets under management. (Source: Report of ICRA).

Experienced senior management team

As of the date of this Offering Circular, our board of directors (the “**Board**”) consists of 10 directors with extensive experience in the financial services sectors. Our Company offers robust internal training programs and has availed itself to an organically developed pool of talented members. Our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. Certain members of our senior management team have more than 15 years of experience with our Company. Our management promotes a result-oriented culture that rewards our employees on the basis of merit. In order to strengthen our credit appraisal and risk management systems, and to develop and implement our credit policies, we have hired a number of senior managers who have extensive experience in and knowledge of the Indian banking and financial services sector and in specialized lending finance firms providing loans to retail customers. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

Our Strategies

Our key strategic priorities are as follows:

Enhance operational reach by increasing branch network

As of September 30, 2024, we had 3,149 branches across India, with a significant presence in south India. We intend to continue to make efforts to expand into other regions in India with a focus on tier II and tier III cities, where we believe the demand for our products will grow steadily in the near future.

The pre-owned commercial vehicle financing industry in India is dominated by private financiers in the unorganized sector. As of September 30, 2024, we had agreements with more than 500 private financiers and we intend to continue to strategically expand our marketing and customer origination network by entering into revenue sharing agreements and partnership and co-financing arrangements with private financiers across India. However, we intend to ensure that the hypothecations granted in connection with these agreements and arrangements will remain solely in our favor.

We intend to continue to strategically expand our operations in target markets, such as in large commercial vehicle hubs by establishing additional branches. Additionally, for products like our gold and two-wheeler financing services, which require a physical presence, we will be able to offer these services to a wider customer base by leveraging and increasing our wider branch network. Our marketing and customer origination and servicing efforts strategically focus on building long-term relationships with our customers and address specific issues and local business requirements of potential customers in a particular region. We have also adopted a strategy of establishing our presence in rural centres with a view towards increasing our presence in the two-wheeler and pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have a presence in 679 rural centres as of September 30, 2024, and intend to increase our presence in such rural centers across India.

Derive synergies by capitalizing on cross-sell opportunities

We are able to offer a range of credit solution across our various branch network, including in rural locations. By matching our broader customer base with the ability to offer a broad spectrum of financing services to both rural and urban customers across our various business segments, we believe that we can continue to generate significant growth by cross-selling diversified products through strategic and directed marketing efforts, strong analytics and assessment of customer needs and increased digitalization of financing processes. We believe this will enable us to leverage our large existing customer base and strong relationships to gain additional customers across multiple product and service verticals.

By offering additional downstream products, such as ancillary loans and freight bill discounting, we will be able maintain contact with customers throughout our product lifecycles and further increase our revenues. We seek to create greater synergies within our various business segments and further diversify and expand our customer base across various industry and customer segments.

Technological implementation and digital transformation initiatives

Our information technology strategy is designed to increase our operational and managerial efficiency. We aim to increasingly use technology in streamlining our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We aim to continue to implement technology-led processing systems to make our appraisal and collection processes more efficient, to facilitate swift delivery of credit to our customers and to augment the benefits of our relationship-based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges efficiently, improve the quality of services to our customers, and improve our risk management capabilities.

Additionally, we are focusing on increasingly driving our business through digital initiatives through our mobile and web platforms, including digital fixed deposits, instant loans, B2C and assisted collections, General Insurance policies and OTP based transaction through Smileage (fuel loans). We launched the Shriram One app in September 2023, which allows customers to interact with us and avail our services remotely, which we believe will improve customer experience and increase partnerships. We have also deployed a customer relationship management application for faster resolution of customer queries.

Optimize funding costs

We believe that we can increase our profitability by optimizing our funding costs. This would include the use of new products available to us in international capital markets as well as ensuring that we favorably match our short-term and long-term sources of funds with their deployment. We have a diversified source of funding which comprises capital market instruments, bank borrowings with a lender base of more than 50 banks and institutions, securitization and retail borrowings. Our portfolio qualifies for the priority sector advances for scheduled commercial banks (as investors in our securitized loans), which helps reduce our borrowing costs. We have also focused on gradually increasing the proportion of retail borrowings to diversify our funding source. Through our fixed deposit program and regular public issue of non-convertible debentures, we will continue to effectively utilize the retail investor segment. Our institutional debenture issuance has a varied investor base including mutual funds, banks, foreign portfolio investors, insurance companies, financial institutions, trusts and body corporates. We believe that our ability to diversify our resource profile will enable us to further optimize our funding cost.

Our Financial Products

Loan Types

Our disbursements across our various financing products for the six months ended September 30, 2024, on an unconsolidated basis, are as follows:

	For the six months ended September 30, 2024
	<i>(INR million)</i>
Commercial Vehicles	1,121,940.6
Passenger Vehicles	490,003.2
Construction Equipment	176,377.1
Farm Equipment	44,677.0
MSME.....	322,996.8
Two-wheeler Loans.....	130,890.8
Gold Loans.....	60,804.6

	For the six months ended September 30, 2024
	<i>(INR million)</i>
Personal Loans	82,735.4
Other	-
Total	2,430,425.5

Commercial Vehicles

We provide financing for the purchase of new and pre-owned commercial vehicles, including multi-utility vehicles, tractors and three-wheelers. The pre-owned commercial vehicles we finance are up to ten years old, and financed primarily to: (i) FTBs, who are principally former truck drivers who purchase trucks for use in commercial operations and (ii) SRTOs, which are principally small transport operators owning between one and four used commercial vehicles. With respect to new vehicle loans, our personnel are stationed at the showrooms of various commercial vehicle dealers and are responsible for sourcing, credit verification, loan origination and recovery of loans.

As of September 30, 2024, our Assets Under Management in the commercial vehicles segment was INR 1,121,940.6 million, comprising 46.16% of our total Assets Under Management as of such date, on an unconsolidated basis.

Passenger Vehicles

We provide financing for the purchase of new and pre-owned passenger vehicles. With respect to new vehicle loans, our personnel are stationed at the showrooms of various passenger vehicle dealers and are responsible for sourcing, credit verification, loan origination and recovery of loans. With respect to pre-owned vehicle loans, the average age of pre-owned passenger vehicles sold is six years.

As of September 30, 2024, our Assets Under Management in the passenger vehicles segment was INR 490,003.2 million, comprising 20.16% of our total Assets Under Management as of such date, on an unconsolidated basis.

Two-wheelers

We provide financing for the purchase of new and pre-owned two-wheeler vehicles, such as motorcycles.

As of September 30, 2024, our Assets Under Management in the two-wheeler segment was INR 130,890.8 million, comprising 5.39% of our total Assets Under Management as of such date, on an unconsolidated basis.

Construction Equipment

We provide financing for the purchase of new and pre-owned construction equipment and accessories, such as cranes, compressors, excavators and other construction equipment.

As of September 30, 2024, our Assets Under Management in the construction equipment segment was INR 176,377.1 million, comprising 7.26% of our total Assets Under Management as of such date, on an unconsolidated basis.

Farm Equipment

We provide financing for the purchase of new and pre-owned farm equipment and accessories, such as tractors, harvesters, balers and other farm equipment.

As of September 30, 2024, our Assets Under Management in the farm equipment segment was INR 44,677.0 million, comprising 1.84% of our total Assets Under Management as of such date, on an unconsolidated basis.

Micro, Small and Medium-size Enterprises (MSME)

We target customers in the MSME finance segment, typically consisting of self-employed professionals, wholesale and retail dealers, merchants, builders, small-and medium-scale manufacturing concerns and service providers. Typically, customers avail such borrowings to fund their businesses' expansion and to meet their working capital requirements. Each MSME finance loan is typically customized to suit the requirements of the customer after having assessed and understood their business model.

As of September 30, 2024, our Assets Under Management in the MSME segment was INR 322,996.8 million, comprising 13.29% of our total Assets Under Management as of such date, on an unconsolidated basis.

Gold

We provide gold loans primarily to individuals who own gold jewellery, but do not have access to formal credit within a reasonable time, or to whom credit may not be available at all, to meet their short-term requirements.

As of September 30, 2024, our Assets Under Management in the gold segment was INR 60,804.6 million, comprising 2.50% of our total Assets Under Management as of such date, on an unconsolidated basis.

Personal Loans

We target customer segments that do not have easy access to banks or other modes of financing for immediate short- or medium-term funding requirements. Customers typically seek personal loans for medical treatment, education and weddings. We typically reach out directly to our personal loan customers and visit them at their doorstep to carry out loan origination and credit evaluation, to ensure speedy processing of loans.

As of September 30, 2024, our Assets Under Management in the personal loans segment was INR 82,735.4 million, comprising 3.40% of our total Assets Under Management as of such date, on an unconsolidated basis.

Others

Other types of credit we provide mainly comprise working capital loans that we advance to customers for meeting their short-term liabilities.

As of September 30, 2024, we had no Assets Under Management in this segment.

Operations

Branch Network

As of September 30, 2024, we had 3,149 branches across India, including most of the major commercial vehicle hubs along various road transportation routes in India, as well as a presence in 679 rural centers across India. The geographic distribution of our branches across India by region, as of September 30, 2024, is set out in the following table:

States	Number of Branches
Tamil Nadu	748
Andhra Pradesh	304
Maharashtra	282
Karnataka	226

States	Number of Branches
Telangana.....	207
Rest of India.....	1,382
Total.....	3,149

A typical branch comprises 14-16 employees. As of September 30, 2024, all our branches were connected to servers at our corporate office to enable real time information sharing with respect to our loan disbursement and recovery administration.

Customer Evaluation, Credit Appraisal and Disbursement

All customer origination and evaluation, loan disbursement, loan administration and monitoring as well as loan recovery processes are carried out by our relationship executives at our branches, who are responsible for loan origination, credit evaluation, pre-lending field investigations and post lending procedures under the general supervision and control of our head office. The team of officials responsible for origination of a loan is also responsible for the timely servicing of loans, recoveries, and monitoring performance of each loan from origination to closure of the loan. We do not utilize or engage direct selling or other marketing and distribution agents or appraisers to carry out these processes. We follow certain procedures for the evaluation of the creditworthiness of potential borrowers. The typical credit appraisal process is described below:

Initial Evaluation

When a customer is identified and the requisite information for a financing proposal is received, a branch manager or relationship executive meets with the customer to assess the customer's loan requirements and creditworthiness. The proposal form requires the customer to provide information on the customer's age, address, employment details and annual income, as well as information on outstanding loans and the number of commercial vehicles owned. The customer is required to provide proof of identification and residence for verification purposes. We may also require an applicant to provide a reference from an existing customer. Generally, where the customer is unable to provide sufficient immovable or movable property to secure the entire value of the loans, the customer is also required to furnish a guarantee from an acceptable guarantor, which is, preferably, an existing or former customer. Detailed information relating to the guarantor is also required.

We also have additional procedures for pre-owned commercial vehicles. Our executives prepare a vehicle inspection and evaluation report to ascertain, among other matters, the registration details of the vehicle, as well as its condition and market value. A field investigation report is also prepared relating to the place of residence and of various movable and immovable properties of the customer and the guarantor. Each application also requires two independent references to be provided.

Credit Policies and Internal Control Measures

We follow stringent credit policies and internal control measures to ensure the asset quality of our loans and the security provided for those loans. Any deviation from such credit policies and internal control measures in connection with a loan application requires prior approval from relevant executives within the Company. In addition to a credit evaluation of the applicant, we rely on guarantor arrangements, the availability of security, referrals from existing relationships and close client relationships in order to manage our asset quality. From time to time, our management prescribes loan approval parameters, which are linked to the value of the underlying security and/or collateral.

We have policies and internal control measures for advancing: (i) demand loans; (ii) trade advances; (iii) business loans; (iv) vehicle equipment loans; (v) master credit; (vi) gold loans; (vii) working capital facilities;

(viii) loans against property; (ix) loan against shares and mutual funds (LAS and LAMF); (x) Policy on ESOP Funding and (xi) policy on education loans – study abroad.

Hypothecation

Our loans include hypothecations in our favor.

Guarantor requirement

Under our credit policies, loans must be secured by the personal guarantee of the borrower as well as that of at least one third party guarantor. For commercial vehicle loans, the guarantor must be an asset owner, preferably our existing or former customer, and preferably operating in the same locality as the borrower.

In connection with any secured retail or small enterprise loan (other than loans secured by gold), we generally require immovable or movable property to be provided as security for the value of the loan amount and conduct appropriate legal diligence and valuation of such properties. In cases where the borrower is unable to provide property as security, the borrower is required to furnish a guarantee from an acceptable guarantor.

Insurance

Comprehensive insurance is required for all vehicle and equipment related loans.

Loan approval guidelines

From time to time, our management lays down loan approval parameters, which are typically linked to the value of the item being financed and loan amount.

Age limit for pre-owned vehicles

We typically extend loans to vehicles that are less than 12 years, but age limit may vary as per usability in specific geographies.

Period

The maximum period for repayment in case of assets is not more than 84 months except for MSME loans which is not more than 180 months.

Release of documents on full repayment

Security received from the borrower is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower.

RTO records

In the case of pre-owned vehicle financing, Regional Transport Office (“**RTO**”) records are inspected for non-payment of road tax, pending court cases, and other issues, and the records retained as part of the loan documentation.

Physical inspection and trade reference

In the case of all pre-owned vehicle financing, the branch manager must physically inspect the vehicle and assess its value. The branch manager’s determination regarding the condition of the vehicle is recorded in the evaluation report of the vehicle. The branch manager must also conduct contact point verification as well as a trade reference check of the borrower before an actual disbursement is made, and such determination is recorded in the proposal evaluation records.

MSME loans

In connection with any secured retail or small enterprise loan (other than loans secured by gold), we generally require immovable or movable property to be provided as security for the value of the loan amount

and conduct appropriate legal diligence and valuation of such properties. In cases where the borrower is unable to provide property as security, the borrower is required to furnish a guarantee from an acceptable guarantor.

Two-wheeler and vehicle loans

For our two-wheeler and vehicle loans, the two-wheeler or vehicle is hypothecated in favor of our Company until closure of the loan. In certain cases, we may also require post-dated checks from the customer covering an initial period of the loan. Security received from the borrower, including unutilized post-dated checks, if any, is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower.

Gold loans

With respect to gold loans, the principal form of security we accept is gold ornaments. We typically do not extend loans against bullion, gold bars, coins or biscuits, or for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of exchange traded funds and units of gold mutual fund. The amount that we finance against gold is typically based on a fixed rate per gram of gold content in the jewellery, the loan tenure and the profile of the customer. We appraise gold jewellery based on pre-defined policies and solely based on its gold content, without factoring in production cost, style, brand or value of any gemstones. Each of our branches offering gold loans has designated executives for gold appraisal who operate under a clear policy regarding their function and responsibilities. We generally lend between 50% and 60% of the price of gold valued in line with the guidelines of RBI, and our loan amount is generally lower than the guidelines prescribed by RBI.

Pledged gold is stored at the branch that disbursed the loan in an iron safe or a strong room (depending on the volume of gold stored at such location), which are built in accordance with industry practice. Ensuring the safety and security of our branches offering gold loans is vital to the business, as the gold is kept on the premises. Security measures implemented by us include burglar alarms, security guards and IP or CCTV cameras. Gold inventory is insured in accordance with industry practice, and each branch offering gold loans is subject to various internal audit processes.

Approval Process

A branch manager evaluates the loan proposal based on supporting documentation and various other factors such as the creditworthiness of the borrower, proposed end use of the loan, reference from existing customer(s) and nature of security provided by the borrower. The primary criteria for approval of a loan proposal are based on the guarantee provided by another commercial vehicle operator, preferably an existing or previous customer, as well as the valuation of the asset to be secured by the loan. The exposure limits that we apply are 60-70% of Loan to Value Ratio for old commercial vehicles and 75-80% of Loan to Value Ratio for new commercial vehicles. In addition, our branch managers may also consider other factors in the approval process, such as length of residence, past repayment record and income sources.

The branch manager is authorized to approve a loan if the proposal meets the criteria established for the approval of a loan. To minimize the time required for approvals, we have a decentralized approval authority and standardized documentation and procedures across our branches. We inform the customer of the outcome of the approval process, as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualized) and the application of such interest during the tenure of the loan. A sanction letter is issued to the borrower incorporating all the financial details such as the loan amount, tenure and the rate of interest and the loan disbursement takes place only on getting the sanction letter duly accepted by the borrower.

For vehicles, a chassis print of the vehicle is also obtained and maintained in the loan file. The relevant RTO endorsement forms are also required to be executed by the borrower prior to the disbursement of the loan.

For non-vehicle loan approvals, there is a separate approval matrix implemented, identifying approving authorities for loans across our other product segments, depending on customer type, size and nature of the

loan. In case of deviations from stipulated norms, such proposals are approved by the appropriate authority. For instance, in the personal loan segment, sanction of loans to persons above the age of 65 years must compulsorily be approved by the state product head of our Company.

Disbursement

Margin money and other charges are collected prior to loan disbursements. The disbursing officer retains evidence of the customer's acceptance of the terms and conditions of the loan as part of the loan documentation. We have initiated steps to encourage customers to make payments of loan instalments through internet banking and card payment. For pre-owned vehicles, an endorsement of the registration certificate as well as the insurance policy must be executed in our favor.

On approval and execution of loan documents and creation of security where applicable, in favour of our Company, a client executive proceeds to enable disbursement. The executive ensures KYC compliance for both the borrower and the guarantor(s), if any. The loan officer verifies such information provided and includes such records in the relevant loan file. The loan officer is also required to ensure that the contents of the loan documents are explained in detail to the borrower, either in English or in the local language of the borrower, and a statement to such effect is included as part of the loan documentation. The borrower is provided with a copy of the loan documents executed by him or her.

Loan Administration and Monitoring

The borrower and any relevant guarantor are required to execute the security creation documents along with a standard form of loan agreement (in the case of auto vehicle loans, a "Loan cum Hypothecation 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 monthly repayment terms. The Loan cum Hypothecation Agreement also requires a promissory note to be executed containing an unconditional promise of payment to be signed by both the borrower and the relevant guarantor. A power of attorney authorizing, among others, the repossession of the hypothecated vehicle upon loan payment default, is also required to be executed for vehicle loans.

We provide multiple payment options including cash, cheque or NEFT/ RTGS, demand draft, mobile wallets, UPI, NACH and USSD. Repayments are made in monthly instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. As a service to our customers, our relationship executives offer to visit the customers on the payment date to collect the instalments due. We track loan repayment schedules of our customers on a monthly basis based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any.

Our management information system ("MIS") department and centralized operating team monitors compliance with the terms and conditions for credit facilities. We monitor the completeness of documentation and creation of security through regular visits to our branches by our regional as well as head office executives and internal auditors. All borrower accounts are reviewed at least once a year, with a higher frequency for larger exposures and delinquent borrowers. Our lending team reviews collections regularly, personally contacts borrowers that have defaulted on their loan payments and conducts day-to-day operations. A new branch is opened to handle additional customers beyond that limit to ensure appropriate risk management. Close monitoring of debt servicing efficiency enables us to maintain high recovery ratios.

Collection and Recovery

We believe that our loan recovery procedures are particularly well suited to our various target markets, as reflected by our high loan recovery ratios. The entire collection operation is administered in-house, and we do not outsource loan recovery and collection operations. In the case of default, the reasons for the default are identified by the executive responsible for each loan and appropriate action is initiated, such as requiring partial repayment and/or seeking additional guarantees or collateral. The performance of the recovery executive is closely supervised by the respective branch manager.

For every 30 days of delay in loan instalment payments, the matter is escalated to our branch managers. In the event of a default on three loan instalments, the branch manager is required to make a personal visit to the borrower to determine the gravity of the loan recovery problem and provide suitable solutions.

We may initiate the process for repossession of the underlying asset in the event of a default. Branch managers are trained to repossess assets and/or enforce security interest and no external agency is involved in these processes. Repossessed property is typically held at designated secured facilities for eventual sale. The notice to the customer specifies the outstanding amount to be paid within a specified period, failing which the asset may be disposed of and/or the charge enforced. In the event that there is a shortfall in the recovery of the outstanding amount from the enforcement, legal proceedings against the customer may be initiated.

The laws governing the registration of motor vehicles in India effectively establish vehicle ownership, as well as the claims of lenders. As a result, vehicle repossession in the event of default is a relatively uncomplicated procedure, such that the possibility of repossession provides an effective deterrent against default.

In the case of recovery from customers, other than in the two-wheeler finance and auto vehicle loan segments, we may issue a notice and in case of a continuing default, proceed with arbitration and also take other legal steps as are open to us in law, for recovery of amount due under the agreement.

Customer Origination

Vehicle loans primarily include loans secured by M&HCV, Light Commercial Vehicle (“LCV”), cargo three-wheeler, passenger vehicle, commercial car, Construction Vehicle (“CV”), construction equipment and farm equipment. Our Company sources the proposals through referrals from existing customers, transport hubs, vehicle stands, vehicle dealers, vehicle repair workshop, commercial vehicle associations, RTOs, direct walk in customers, etc. For two wheeler loans, our Company normally sources proposals from the dealer point. For gold loans, the customer approaches us for a loan against gold.

Revenue Sharing Arrangements with Private Financiers

SRTOs and FTBs generally have limited banking habits and credit history as well as inadequate legal documentation for verification of creditworthiness. In addition, because of the mobile nature of the hypothecated assets, SRTOs and FTBs have limited access to bank financing for new and pre-owned commercial vehicle financing. As a result, certain markets in India, such as the pre-owned truck financing market, are dominated by private financiers in the unorganized sector. As of December 31, 2022, we have strategically expanded our marketing and customer origination network by entering into revenue sharing agreements with more than 500 private financiers located across India involved in commercial vehicle financing. We have established a stable relationship with our revenue sharing financiers through our extensive branch network. As a result of the personnel-intensive requirements of our business model, we rely on revenue sharing arrangements to effectively leverage the local knowledge, infrastructure and personnel base of our revenue sharing financiers.

Our financiers source applications for new and pre-owned commercial vehicle financing based on certain assessment criteria we specify and are generally responsible for ensuring the authenticity of the customer information and documentation. The decision to approve a loan is, however, at our discretion. In the event that we reject an application, our financiers may directly arrange financing for such customer or approach another financier in connection with the proposed financing.

Our financiers are responsible for obtaining all necessary documentation in connection with the loan proposals they originate. Financiers are responsible for collection of instalments and penalties for all customers they originate. Financiers are also responsible for any repossession of vehicles in the event of a default of a loan by customers they originate. However, the hypothecation of the vehicles financed are in the favor of our Company and not in the favor of our financier.

A typical co-financing or partnership agreement stipulates the revenue-sharing ratio, amounts payable as quarterly advance payments to the financier, and details related to the retention of earnest money. Specifically,

we typically stipulate a certain income-sharing arrangement on the interest on the loan, net of our cost of funding. Since the financier's share of income is only determined upon settlement of the individual loan contracts, we typically release quarterly advance payments to our financier. These payments are net of the earnest money deposit, which represents a pre-agreed percentage of the financier's revenue share. We allocate the earnest money towards a loan loss pool, as well as for business expansion purposes. Loan loss is typically calculated as our loss on principal and reimbursed expenses on loans from customers sourced by the financier, with interest at the rate of our cost of funds. The loss is shared between the parties in the same proportion as income. The parties usually stipulate that the amount available as earnest money deposit is in excess of a certain percentage of future receivables and may be withdrawn by the financier.

Other Marketing Initiatives

We continue to develop innovative marketing and customer origination initiatives specifically targeted at FTBs and SRTOs.

We also develop marketing strategies to target customers in the SME segment that caters to self-employed professionals, wholesale and retail dealers, merchants, builders, small and medium scale manufacturing concerns and service providers. We also consider our target customers in the two-wheeler segment that include salaried and self-employed individuals in rural and semi urban areas while developing any marketing strategies. We market our products by entering into arrangements with OEMs and dealers to offer our financial products to their potential customers.

Branding/advertising

We use the brand name “*Shriram*” for marketing our products pursuant to a license agreement dated August 23, 2024, entered with Shriram Value Services Limited (“SVS”), which is in effect from October 01, 2024. Our brand is well recognized in India given its association with the brand of our promoter and our own brand promotion efforts. We have launched various publicity campaigns through print and other media specifically targeted at specific parts of our target customer profile to create awareness of our product features, including our speedy loan approval process, with the intention of creating and enhancing our product identity. We believe that our emphasis on product promotion will be a significant contributor to our results of operations in the future.

Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of stringent credit evaluation tools, limiting customer and vehicle exposure, and direct interaction with customers. In addition to our credit evaluation and recovery mechanism, our largely asset-backed lending model and adequate asset cover has helped maintain low gross and net NPA levels.

Our write offs to average total assets have remained consistent, despite the move of the regulatory NPA recognition from 120+dpd advances to 90+dpd post March 2018. For instance, our write offs were INR 2,719.29 million, INR 2,614.35 million and INR 2,393.53 million for the fiscal years ended March 31, 2022, 2023 and 2024 respectively, and our write offs as a percentage of our total assets under management was 2.14%, and 14.07% and 1.31 respectively, for the same periods.

Our historical Assets Under Management for each segment and Net NPAs of our business, for the six months ended September 30, 2024 on an unconsolidated basis, were as follows:

	For the six months ended September 30, 2024
	<i>(INR million)</i>
Commercial Vehicles	1,121,940.6
Passenger Vehicles	490,003.2
Construction Equipment	176,377.1
Farm Equipment	44,677.0
MSME.....	322,996.8
Two-wheeler Loans.....	130,890.8
Gold Loans.....	60,804.6
Personal Loans.....	82,735.4
Others.....	-
Total Assets Under Management	2,430,425.5
Gross NPA	127,642.3
Net NPA.....	61,656.3

Our ECL as of September 30, 2024, amounted to INR 151,678 million, on an unconsolidated basis.

Classification of Assets

The RBI requires every deposit-accepting NBFC to classify its lease/hire purchase assets, loans, advance and other forms of credit into standard, sub-standard, doubtful or loss assets. We have been following the classification norms prescribed by the RBI. For further information on the RBI guidelines on classification of assets, refer to the section titled “*Regulation and Policies.*”

Provisioning and Write-offs

With introduction of IND-AS from April 1, 2018, we started recognizing provisions based on the expected credit loss model (“ECL”). The basis of provisioning may be significantly different between the IND-AS and IGAAP. 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 considers 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.

Stage 1 Assets

Stage 1 Assets include 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 expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default

events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2 Assets

Stage 2 Assets include financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default as the weight.

Stage 3 Assets

Stage 3 Assets include financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

As of September 30, 2024, we maintain Stage 3 Assets provision coverage of 51.70% for our Stage 3 Assets on an unconsolidated basis.

Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) were 5.32% as of September 30, 2024, on an unconsolidated basis. Our Stage 3 Assets net of provision as a percentage of Net Loan Assets was 2.64% as of September 30, 2024, on an unconsolidated basis.

We believe that our eventual write-offs are relatively low because of our relationship-based customer origination and customer support, prudent loan approval processes (including adequate collateral being obtained), and our ability to repossess and dispose of such collateral in a timely manner.

For more information on our Stage 3 Assets and NPAs, see “*Assets and Liabilities.*”

Funding Sources

We have expanded our sources of funds to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loans (including term loans from banks and financial institutions), cash credit from banks, redeemable non-convertible debentures through public offer and on a private placement basis, subordinated bonds, short-term commercial paper, public deposits and inter-corporate deposits.

As of September 30, 2024, we had outstanding secured debt of INR 1,511,773.1 million (U.S.\$ 18,042.7 million) on an unconsolidated basis and unsecured debt of INR 566,423.1 million (U.S.\$ 6,760.1 million) on an unconsolidated basis.

Increasingly, we depend on term loans from banks and the issue of redeemable non-convertible debentures as the primary sources of our funding. We have developed long-term relationships with our lenders and established a track record of timely servicing of our debts. We believe that our established track record of timely debt repayment, strong brand equity, credit ratings and risk management have allowed us to secure attractive interest rates on our funding sources. Historically, we have been able to secure fixed rate long term loans of three to five years tenure to stabilize our cost of borrowings.

As of September 30, 2024, loans from banks, including cash credit, securitization and external commercial borrowing, aggregated to INR 891,353.2 million (U.S.\$ 10,638.0 million) on an unconsolidated basis.

	As of September 30, 2024	
	<i>(INR million)</i>	<i>%</i>
Commercial Paper.....	34,340.6	1.65
Non-Convertible Debentures	372,691.6	17.93
Public Deposit.....	501,964.1	24.15
Securitisation	344,672.7	16.59
Subordinated debts.....	30,118.4	1.45
Term Loan.....	465,516.4	22.40
External Commercial Bond.....	154,438.7	7.43
ECB Loans.....	163,080.7	7.85
Other Borrowing	11,373.0	0.55
Total.....	2,078,196.2	100.00

The aggregate outstanding amount of our secured redeemable non-convertible debentures was INR 372,691.6 million (U.S.\$ 4,448.0 million) as of September 30, 2024 on an unconsolidated basis.

Our short-term fund requirements are primarily funded by cash credit from banks, including working capital loans. Cash credit from banks outstanding, as of September 30, 2024, was INR 11,373.0 million (U.S.\$ 135.8 million) on an unconsolidated basis.

As of September 30, 2024, our outstanding subordinated debt amounted to INR 30,118.4 million (U.S.\$ 359.5 million) on an unconsolidated basis. The debt is subordinated to our present and future senior indebtedness. Based on the balance term to maturity, as of September 30, 2024, INR 16,094.0 million (U.S.\$ 192.1 million) of the discounted book value of subordinated debt is considered as Tier II under the guidelines issued by the RBI for the purpose of capital adequacy computation.

We are registered as a deposit-taking NBFC with the RBI under Section 45IA of the Reserve Bank of India Act, 1934, which authorizes us to accept deposits from the public. We do not, however, depend on deposits as our primary source of funding. We had fixed deposits outstanding of INR 482,392.5 million (U.S.\$ 5,757.2 million) as of September 30, 2024, on an unconsolidated basis.

On December 18, 2024, Our Company raised U.S.\$ 1.277 billion equivalent in multiple currencies, including USD, EUR, and AED, through a notable External Commercial Borrowing (ECB) loan transaction executed in partnership with 12 leading banks, including prominent development institutions such as the International Finance Corporation, features tenors of up to five years.

For more information on our borrowings, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness.*”

Securitization and Assignment of Portfolio against Financing Activities

We also undertake securitization and assignment transactions to increase our capital adequacy ratio, increase the efficiency of our loan portfolio and as a cost-effective source of funds. We sell part of our Total Loan Assets from time to time through securitization and assignment transactions as well as direct assignment. Our securitization and assignment transactions involve provision of additional collateral and deposits or bank/corporate guarantee. As of September 30, 2024, the total book value of loan assets securitized and assigned was INR 2,398,225.3 million (U.S.\$ 28,622.3 million) on an unconsolidated basis.

We continue to provide administration services for the securitized and assigned portfolio, the expenses for which are provided for at the outset of each transaction. The gains arising out of securitization and assignment, which vary according to a number of factors such as the tenor of the securitized and assigned

portfolio, the yield on the portfolio securitized and assigned and the discounting rate applied, are treated as income over the tenure of agreements as per RBI guidelines on securitization of standard assets. Loss, if any, is recognized upfront. For additional information on our securitization and assignment transactions, see “*Asset and Liabilities*.”

The following tables set forth certain information with respect to our securitization and assignment transactions and credit enhancement on an unconsolidated basis:

	For the six months ended September 30, 2024	
	(INR million or total number as noted)	(U.S.\$ million where applicable)
Total number of loan assets securitized and assigned.....	639,640	-
Total book value of loan assets securitized and assigned <i>(INR million)</i>	152,485.0	1,819.9
Sale consideration received for securitized and assigned assets <i>(INR million)</i> ...	151,451.1	1,807.5
Gain on account of securitization and assignment <i>(INR million)</i>	902.9	10.8

	For the six months ended September 30, 2024	
	(INR million)	(U.S.\$ million)
	<i>(Unconsolidated)</i>	
Outstanding credit enhancement.....	—	—
- Fixed Deposit	44,687.1	533.3
- Guarantees given by third parties	-	-
- Guarantees given by our Company	-	-
Retained interest on direct assignment	3,538.0	42.2

We are required to provide credit enhancement for the securitization and assignment transactions by way of either fixed deposits or corporate/bank guarantees. Our aggregate credit enhancement amounts outstanding for securitizations as of September 30, 2024, was INR 44,687.1 million (U.S.\$ 533.3 million), on an unconsolidated basis. In the event a relevant bank or institution does not realize the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement.

Treasury Operations

Our treasury operations are mainly focused on meeting our funding requirements and managing short-term surpluses. Our fund requirements are currently predominantly met through loans and by issue of debentures to banks, financial institutions and mutual funds. We also place commercial paper and mobilize retail fixed deposits (including secured non-convertible debentures) and inter-corporate deposits. We have also raised subordinated loans eligible for Tier II capital. We believe that through our treasury operations, we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI requirement of asset liability management. The objective is to ensure

the smooth functioning of all our branches and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest-earning liquid assets and cash to optimize earnings.

Asset Liability Management profile as of September 30, 2024

Particulars (Rs. mn)	One month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Total Outflows	87,970.70	60,411.20	82,255.60	135,428.20	290,467.90	1,047,206.50	275,873.80	674,079.90	2,653,693.80
Total Inflows	246,540.20	93,534.40	102,511.60	274,933.60	451,333.70	1,034,627.50	254,670.00	174,124.30	2,632,275.30
Mismatch or Surplus/(Deficit)	158,569.50	33,123.20	20,256.00	139,505.40	160,865.80	(12,579.00)	(21,203.80)	(499,955.60)	(21,418.50)
Cum. Mismatch or Surplus/(Deficit)	158,569.50	191,692.70	211,948.70	351,454.10	512,319.90	499,740.90	478,537.10	(21,418.50)	

Our treasury department also manages the collection and disbursement activities from our corporate office in Mumbai. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest our surplus funds in fixed deposits with banks, liquid debt-based mutual funds and government securities. Our investments are made in accordance with the investment policy approved by the Board.

Our investments are predominantly in government securities, mutual funds, bank fixed deposits and certificates of deposit with banks.

The following table sets forth the principal components of our secured loans as of September 30, 2024 on an unconsolidated basis:

	As of September 30, 2024 (INR million)
Redeemable Non-convertible Debentures (private placement)	364,792.6
Redeemable Non-convertible Debentures (public issue).....	7,899.0
Senior secured notes	-
Term Loans from Banks	372,226.8
Term Loans from Financial Institutions.....	93,289.6
Other loans - INR -Securitisation liabilities.....	344,672.7
External commercial bond -Secured.....	154,438.7
External commercial borrowing	163,080.7
Loans repayable on demand from Banks (Cash Credit from banks)	11,373.0
Total	1,511,773.1

The following table sets forth the principal components of our unsecured loans as of September 30, 2024 on an unconsolidated basis:

	As of September 30, 2024 (INR million)
Public deposits.....	482,392.5

	As of September 30, 2024
	<i>(INR million)</i>
From corporate	19,571.6
From others (including Inter-corporate deposits from associate)	-
Redeemable non-convertible debentures	-
Subordinated debts	30,118.4
Total	532,082.5

We generate profit from the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings.

The average cost of borrowings for the six months ended September 30, 2024, on an unconsolidated basis, is set out below:

	Six months ended September 30, 2024
Particulars	
Cost of borrowing	8.70%

Capital Adequacy

All NBFC-ULs as per the RBI SBR Directions have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.0% (with a minimum Common Equity Tier 1 Capital of 9.0% of risk weighted assets, as applicable to NBFC-ULs) of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As a part of our governance policy, we ordinarily maintain capital adequacy higher than the statutorily prescribed Capital to Risk Assets Ratio (“**CRAR**”).

As of September 30, 2024, our capital adequacy ratio as per IND-AS on an unconsolidated basis computed on the basis of applicable RBI requirements was 20.16%, compared to the minimum capital adequacy requirement of 15.00% stipulated by the RBI. For more information about our Capital Adequacy, see “*Assets and Liabilities—Capital Adequacy*.”

Information related to our capital adequacy ratio and the capital adequacy ratio required by RBI for the six months ended September 30, 2024, on an unconsolidated basis, are set out below:

	For the six months ended September 30, 2024
	<i>(INR million)</i>
Particulars	
Eligible Tier I Capital	421,005.1
Eligible Tier II Capital	17,385.3
Total Capital	438,390.4

	For the six months ended September 30, 2024
	<i>(INR million)</i>
Total Risk-weighted Assets.....	2,174,838.9
Capital Adequacy Ratio	20.16%
Capital Adequacy Ratio required by RBI	15.00%

Competition

We do not, currently, face any significant competition from organized players in the pre-owned commercial vehicle financing sector. Small NBFCs in the organized sector have not been able to increase their scale of operations to the level of our Company. Most of our customers are not a focus segment for banks or large NBFCs, as these customers lack substantial credit histories and other financial documentation on which many of such financial institutions rely to identify and target new customers. We believe our experience-based valuation methodology, our expanding product portfolio, growing customer base and relationship-based approach are key competitive advantages against new market entrants in the commercial financing sector. Our primary competition in this sector comprises private unorganized financiers that principally operate in the local market. These private operators have significant local market expertise but lack brand image and organizational structure. The small private financiers also have limited access to funds and may not be able to compete with us on interest rates extended to borrowers, which we are able to maintain at competitive levels due to our access to a variety of comparatively lower-cost funding sources and operational efficiencies from our scale of operations. However, private operators may attract certain clients who are unable to otherwise comply with our loan requirements, such as the absence of an acceptable guarantor or failure of the commercial vehicle to meet our asset valuation benchmarks. For new commercial vehicle financing, we compete with more conventional lenders, such as banks and other NBFCs.

However, for our other retail loans such as two-wheeler loans, gold loans, SME loans and housing loans, we expect competition to continue to increase. Our primary competitors in these sectors are public sector banks, private banks (including foreign banks), co-operative banks, regional rural banks and NBFCs. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. Our knowledge of the rural and semi-urban market, existing customer base and associated relationships, the continued expansion of our office network and its association with the Shriram Group, coupled with our proactive approach in providing flexible loan products and speedy service, will enable us to remain competitive in these sectors.

Credit Rating

The following table sets forth certain information with respect to our credit ratings as of the date of this Offering Circular:

Credit Rating Agency	Instruments	Ratings
CRISIL	Bank Loan Long Term	CRISIL AA+/Stable
CRISIL	Bank Loan Short Term	CRISIL A1+
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable
CRISIL	Subordinate Debt	CRISIL AA+/Stable
CRISIL	Commercial Paper	CRISIL A1+

Credit Rating Agency	Instruments	Ratings
CRISIL	Long-Term Principal Protected Market Linked Debentures	CRISIL PPMLD AA+/Stable
India Ratings & Research Private Limited	Non-Convertible Debenture	IND AA+/ Stable outlook
India Ratings & Research Private Limited	Fixed deposits	IND AA+/Stable outlook
India Ratings & Research Private Limited	Subordinated Debt	IND AA+/Stable outlook
India Ratings & Research Private Limited	Commercial Paper	IND A1+
India Ratings & Research Private Limited	Bank Loans – Long Term	IND AA+/Stable
India Ratings & Research Private Limited	Bank Loans – Short Term	IND A1+
India Ratings & Research Private Limited	Principal protected market link debentures	IND PP-MLD AA+/Stable
CARE	Non-Convertible Debentures	CARE AA+/Stable
CARE	Subordinated Debt	CARE AA+/Stable
CARE	Commercial Paper	CARE A1+
ICRA	Fixed Deposit	ICRA AA+ (Stable)
ICRA	Non-Convertible Debentures	ICRA AA+ (Stable)
Standard & Poor's Ratings	Long-Term Issuer Credit Rating	BB/ Stable
Standard & Poor's Ratings	Short-Term Issuer Credit Rating	B
Standard & Poor's Ratings	Senior Secured Notes	BB
Fitch Ratings	Long-Term Issuer Default Rating	BB/Stable
Fitch Ratings	Short-Term Issuer Default Rating	B
Fitch Ratings	Senior Secured Notes	BB
Fitch Ratings	Local currency Long Term Issuer Default Rating	BB/Stable

Risk Management

We have developed a strong risk-assessment model in order to maintain healthy asset quality. The key risks and risk-mitigation principles we apply to address these risks are summarized in “*Assets and Liabilities—Risk Management*.”

Employees

As of September 30, 2024, the total number of our employees was 77,764, including approximately 60,420 employees in our business team.

We have built a highly capable workforce primarily by recruiting fresh graduates. As our business model does not require an extensive background in banking or the financial services industry, we prefer to recruit and train fresh graduates in the particular operational aspects of our business and for achieving our objectives. Moreover, we prefer to recruit our workforce from the area in which they will be serving our customers, in order to benefit from the workforce's knowledge of the local culture, language, preferences and territory. We emphasize both classroom training and on-the-job skills acquisition. Post recruitment, an employee undergoes induction training to gain an understanding of our Company and our operations. Our relationship executives are responsible for customer origination, loan administration and monitoring as well as loan recovery, which enables them to develop strong relationships with our customers. We believe our transparent organizational structure ensures efficient communication and feedback and drives our performance-driven work culture.

In a business where personal relationships are an important driver of growth, relationship executive attrition may lead to loss of business. We therefore endeavor to build common values and goals throughout our organization and strive to ensure a progressive, incentivized career path for promising employees and retention of quality intellectual capital in our Company. We provide a performance-based progressive career path for our employees. We believe our attrition rates are among the lowest in the industry at managerial levels.

Intellectual Property

Pursuant to a license agreement dated August 23, 2024, between our Company and Shriram Value Services Limited ("SVS") (the "**License Agreement**"), we are licensed to use the name "*Shriram*" and the associated mark, for which we have to pay a license fee to SVS of 1.0% of our total income every fiscal year. The total amount of the license fee we pay to SVS in a fiscal year is subject to a ceiling of 5.0% of our profit (before tax after license fees) with effect from April 1, 2024. The License Agreement is valid for a period of five years from October 1, 2014. Along with the license fee, we are also required to pay to SVS amounts by way of reimbursement of actual expenses incurred by SVS in respect of protection and defense of the intellectual property.

Technology

We use information technology as a strategic tool in our business operations to improve our overall productivity. We believe that our information systems enable us to manage our nationwide operations network well, as well as to effectively monitor and control risks.

We have various security controls in place to mitigate risks and safeguard ourselves against security breaches and technological lapses at multiple levels. We have two datacenters, a primary and a secondary disaster recovery center located in different seismic zones and monitored at all times. We regularly upgrade our technology involving storage networking functions on regular basis. We are accredited with the International Organization for Standardization (ISO 27001:2013) for our information security management system and do regular internal and external audits. We have deployed tools and products and enabled automation to monitor the process and technologies. Our information technology support systems aid us in performing the processes involved in a loan transaction. We have licensed the Novac UNO system, a comprehensive, integrated business solution to address the strategic and day to day challenges we face. Novac UNO is designed to suit the needs of organizations with large branch networks, such as ours and assists in loan origination, collections, loan maintenance, deposits and treasury operations. The Novac Uno platform is also supported by data centre services, customized firewall and security settings.

For example, at the pre-disbursement stage, we store know-your-customer details and other details of customer appraisal into the system for future reference. After disbursement, our system can generate the interest due on each loan at any given point and track each phase of the payment schedule up to maturity. We control our information technology system from our head office in Mumbai, allowing senior management to

promptly receive operational data. We are also able to track our liquidity position, which allows us to plan for shortfalls in advance. All of our branches are connected to the centralized data centre in Chennai. Furthermore, we use android-based mobile devices to collect loan payments at the customer's home or business locations. Our production servers also allow us to conduct a daily automated backup.

In September 2023, we launched Shriram One, a superapp for our customers designed to be a one-stop solution for all of the user's financial needs. The app manages all such services offered to a user, including information and access to services for loans, payments, investments, insurance, credit score checks and more. This app would allow for a seamless delivery of services to our customers and streamline the related processes such as onboarding, credit underwriting, cross selling, post sales, and collections.

We currently have the technology and facilities in place to back up our systems. We continue to invest in upgrading our technology infrastructure. To strengthen our digital footprint, we have deployed a B2B mobile application for our business/ operation team members for improved customer handling and B2C mobile application so our customers are able to access our services and products remotely. We have also deployed a customer relationship management application for faster resolution of customer queries.

Insurance

We maintain insurance coverage for our operations, including a group policy for our employees, standard fire insurance, insurance against burglary and public liability policy. These policies are renewed from time to time.

Property

Our registered office is at Sri Tower, Plot No.14A, South Phase, Industrial Estate, Guindy, Chennai – 600032, Tamil Nadu, India. Our corporate office is at Wockhardt Towers, Level 3, West Wing and Level 2, East Wing, C-2, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India. As of December 31, 2022, we had 2,901 branches across India. We typically enter into lease agreements for these strategic business units and branch locations.

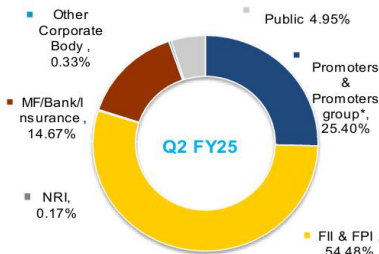
Shareholders

Our Company's key shareholders and a breakdown of ownership as of September 30, 2024 is set out below:

Shareholding Pattern as on September 30, 2024 vs September 30, 2023

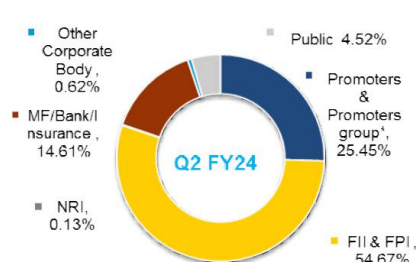


No. of shares outstanding: 375.99 mn



Details of Promoters/Promoter Group*		Holding (%)
Shriram Capital Private Limited (Formerly Shriram Financial Ventures (Chennai) Private Limited)		17.86%
Shriram Value Services Limited		7.11%
Shriram Ownership Trust		0.02%
Sanlam Life Insurance Limited		0.41%
Total		25.40%

No. of shares outstanding: 375.30 mn



Details of Promoters/Promoter Group*		Holding (%)
Shriram Capital Private Limited (Formerly Shriram Financial Ventures (Chennai) Private Limited)		17.89%
Shriram Value Services Limited		3.46%
Shriram Ownership Trust		2.09%
Sanlam Life Insurance Limited		2.01%
Total		25.45%

List of Key Shareholders as on September 30, 2024



Key Shareholders	Shareholding As on Sept 30, 2024 (mn Shares)	%
Promoter and Promoter Group	95.5	25.40%
Government Of Singapore	24.1	6.40%
New World Fund Inc	6.9	1.83%
Kotak Equity Hybrid (under different sub accounts)	6.3	1.67%
Aditya Birla Sun Life Trustee Private Limited (under different sub accounts)	5.6	1.49%
SBI NIFTY 50 ETF (under different sub accounts)	5.5	1.46%
Monetary Authority of Singapore (under different sub accounts)	4.9	1.29%
Kotak Funds - India Midcap Fund	4.5	1.20%
NPS Trust - A/c (under different sub accounts)	4.5	1.19%
Public and Others	218.2	58.07%
Total	376.0	100.00%

Notes:

1. Abbreviations: NRI - Non Resident Indian; FII - Foreign Institutional Investors; FPI – Foreign Portfolio Investors

Key Terms of our Material Agreements

License Agreement dated August 23, 2024 between Shriram Value Services Limited (“SVS”) and our Company (the “License Agreement”)

Pursuant to the License Agreement, SVS granted a non-exclusive license on a non-transferable and non-assignable basis to use the brand name “Shriram” and the associated mark (the “Brand Name”) to our Company in connection with the business activities of our Company in the territory of India during the term of the License Agreement i.e. five years effective from October 01, 2024. The main terms of the License Agreement include:

Consideration

A license fee of 1.0% on our total income every fiscal year. The total amount of license fee we pay to SVS in a fiscal year is subject to a ceiling of 5.0% of our profit before tax after license fee.

Duration

The License Agreement will remain in force till October 1, 2029.

Arbitration

Any dispute or difference arising between the SVS and us shall be referred to an arbitrator decided on a mutual consent and the decision of the arbitrator is final and binding on both the parties. The place of arbitration shall be in Chennai.

Service Agreement dated December 26, 2022 between Shriram Financial Ventures (Chennai) Private Limited (now Shriram Capital Private Limited) and our Company, (“Service Agreement”)

Our Company has executed the Service Agreement with Shriram Financial Ventures (Chennai) Private Limited (now Shriram Capital Private Limited) (“SCPL”) for formalizing its arrangement with regard to the role and services to be provided by SCPL to our Company. The main terms of the Service Agreement include:

Role of SCPL

Under the Service Agreement, SCPL is required to provide certain high-end business and management support services to the Company. The services provided are strategic in nature and are critical to the

Company's business operations. The services cover key areas such as strategy, synergy, business development, risk management, regulatory and taxation compliances, external relations.

Consideration

INR 220,000,000 per annum is payable in equal quarterly instalments, excluding taxes (such as service tax / GST, as may be applicable). The fee is payable with effect from December 1, 2022. Under the Service Agreement, the fee will increase by 5.0% per annum from the start of December of every year.

Term

The Service Agreement came into effect on December 1, 2022 and will remain valid for a period of five years unless terminated by either party with a notice period of one year. On the expiry of five years, the Service Agreement will automatically renew with the same annual fee increases of 5.0%, unless otherwise agreed to in writing between SCPL and the Company.

Arbitration

All disputes under the Service Agreement shall be resolved by arbitration by a sole arbitrator to be mutually agreed by the parties in accordance with the provisions of Arbitration and Conciliation Act, 1996. The place of arbitration is in Chennai and the arbitration shall be conducted in English.

Legal Proceedings

Except as described below, we are not involved in any legal proceedings or disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on our businesses, financial condition or operations. We believe that the number of proceedings and disputes in which we are involved is not unusual for a company of our size in the context of doing business in India. Civil and tax related proceedings involving us, which involve a claim of more than 1.0% of our net worth have been individually described below.

- Our Company filed an appeal before the Supreme Court of India, Special Leave Petition (Civil) (9711-9713) of 2014 against the common final judgment and order dated October 8, 2013 passed by the High Court of Judicature at Calcutta in Writ Petition No. 24 of 2010, Writ Petition No. 4 of 2011 and Writ Petition No. 6 of 2011 challenging the decision to uphold the imposition of value added tax on NBFCs disposing of vehicles for recovery of loans taken by borrowers by treating said NBFCs as dealers as defined under Section 2(11) of the West Bengal Value Added Tax 2003. The appeal is pending hearing and final decision.
- Our Company filed a writ petition (7638/ 2009) before the High Court of Andhra Pradesh against the orders passed by the Commercial Tax Officer, Tirupati, dated March 20, 2009 where it has been held that our Company is liable to be assessed for tax under the Andhra Pradesh Value Added Tax Act, 2005 and the Andhra Pradesh General Sales Tax Act, 1957 for the years 2004-2005 and accordingly, our Company was liable to pay penalty on account of its alleged failure to obtain registration under the Andhra Pradesh General Sales Tax Act, 1957. Pursuant to the writ petition, our Company challenged the notices dated March 21, 2009, issued by the Commercial Tax Officer, Andhra Pradesh, proposing to levy interest and penalty. The High Court of Andhra Pradesh has, vide its order dated April 15, 2009, stayed the operation of the orders passed by the Commercial Tax Officer Tirupati subject to our Company depositing one-third of the disputed tax amount within four weeks from the date of aforesaid order, which our Company has since deposited with the Honorable High Court. The aforesaid petition is pending hearing and final disposal.
- The table below presents details on the tax proceedings involving our company as on September 30, 2024:

Particulars	No. of outstanding cases	Amount involved (in INR Millions)
Indirect Tax	50	20,789.30
Direct Tax	29	1,062.35

- Our Company had received an order dated December 19, 2018, from the Commissioner of CGST and Central Excise demanding service tax on provision of collection of receivables in respect of Securitization / Direct assignments, etc., amounting to INR 1,977.53 million for the period from April 1, 2008 to March 31, 2015. In relation to certain securitization / direct assignment transactions, our Company had charged a nominal fee or a nil fee for services provided in relation to collection and recovery of the assets assigned / securitized and the Commissioner of CGST and Central Excise in their order has held that the services rendered by our Company has not been adequately valued and accordingly service tax has to be paid on the taxable value of our services (arrived at in the manner provided under the relevant rules and regulations in this regard), irrespective of actual fee charged, if any. The same is disclosed under contingent liability. Our Company has filed an appeal at the Customs Excise and Service Tax Appellate Tribunal, West Zonal Bench Mumbai, in the month of March 2019. Our Company's main contention in the appeal is that if the parties have commercially agreed that the fee for certain services is nil or nominal, the tax on such service should be limited to a portion of the fee so agreed upon. Final order and disposal is pending.
- Our Company received orders from the office of the Commissioner ("CGST") dated September 30, 2020, and March 17, 2021, which have raised demands to the tune of INR 14,027.2 million and INR 3,759.4 million, respectively for the period from fiscal year 2006-07 to 2015-16 and fiscal year 2016-17 to 2017-18 (up to June 2017), respectively including interest and penalties. The orders have been made on the basis that our Company, a registered NBFC, was providing hire-purchase and financial leasing services for commercial vehicles and did not pay service tax on the income earned on the said activities. The services being carried out by our Company referred to in the order came to light during the course of an audit of the accounts of Shriram Investments Limited, an entity which has been merged into our Company with effect from April 1, 2005. Our Company has filed a writ petition in the Bombay High Court against the said Order on December 24, 2020. The matter is pending.
- Our Company is contesting several disputed income tax, service tax and VAT matters before various appellate authorities. The contingent liabilities as per Indian Accounting Standard 37 as of September 30, 2024, included contingent liabilities in respect of income tax demands where our Company has filed an appeal before various authorities of INR 56.22 crores, GST demand where the Company has filed appeal and is in the Process of Filing Appeals aggregating to ₹ 22.31 crores, VAT demand where the Company has filed an appeal before various appellate courts aggregating ₹ 0.02 crores and a service tax demand for ₹ 2,056.61 crores. The contingent liabilities as per Indian Accounting Standard 37 as of September 30, 2024, in respect of such matters were INR 21,224.0 million (U.S.\$255.5 million) on an unconsolidated basis.

Criminal Proceedings against our Company and its Directors

Criminal application (Cri.M.A.No.604/2018) filed by Mr. Sudhir Satyawar Kamble

A criminal application (Cri.M.A.No.604/2018) was filed by Mr. Sudhir Satyawar Kamble (the "**Complainant**"), before the court of Judicial Magistrate First Class, Islampur ("**JMFC**") against our Company, Shriram General Insurance Corporation Limited ("**SGICL**") and certain present and past Directors of our Company. This application was prompted by the denial of an insurance claim for a sum of INR 2,000,000 by SGICL in the Motor Accidents Claim Tribunal in relation to a tempo (vehicle no. MH-10-AQ-2171) purchased by one Mr. Samir Sikandar Mulla, pursuant to a loan availed from our Company. The said tempo was involved in an accident with a motorcycle resulting in the death of one person and injury to one of riders of the motorcycle. Mr. Mulla claimed to have insured his tempo with SGICL. However, the claim made by him in the Motor Accident Claim Tribunal against SGICL was denied on the grounds that the insurance policy taken by Mr. Mulla was fictitious and SGICL had not issued any policy to him.

The criminal application was filed alleging that our Company and SGICL had, inter alia, committed the offences of criminal breach of trust, cheating and forgery, against Mr. Samir Sikandar Mulla. On October 8,

2018, the JMFC passed an *ex parte* order against our Company directing that the complaint filed by the Complainant be treated as a first information report (“FIR”) for investigation by the Islampur police.

In response to the order of the JMFC above, on November 19, 2018, STFC and certain directors named in the complaint filed a revision application (Cri.Revi.Application no.32/2018) before the Court of Additional District and Session Judge at Islampur, inter alia, for setting aside and/or correcting the order of the JMFC as being grossly erroneous, where our Company contended that the Complainant is neither a borrower of our Company nor had any dealings with STFC / its directors and had no locus standi to file the complaint in respect of which the order dated October 8, 2018, was passed by the JMFC. It was also contended that the said order was passed without giving our Company and certain directors of our Company a proper and legal opportunity of being heard.

The Additional District and Session Judge at Islampur, vide an order dated November 21, 2018, stayed the order dated October 8, 2018, passed by JMFC. By subsequent order dated February 6, 2019, the Additional District and Session Judge at Islampur partially allowed the revision application made by our Company and the matter was remanded to the trial court for fresh inquiry at its original stage. In terms of the application dated March 27, 2019, filed by the Complainant, the directors of SGICL were impleaded as part of the criminal proceedings. Mr. Umesh Revankar, one of our directors, who is also a director of SGICL is, now therefore, implicated in the matter. The said criminal application Cri.M.A.No.604/2018 has been withdrawn by the Complainant on January 13, 2022 and the above proceedings are now being pursued by Mr. Samir Sikandar Mulla under Cri.M.A.No.397/2019 and the next hearing on the matter is on January 30, 2025.

Criminal information report filed by Mr. Praveen Sharma

Mr. Praveen Sharma filed a first information report dated August 3, 2015 under Sections 406, 420, 465 and 506 of the Indian Penal Code, 1860, against, amongst others, our Director, Mr. Umesh Govind Revankar in relation to non-payment of Mr. Praveen Sharma’s fees. The matter is currently pending before the Chief Judicial Magistrate, Lucknow. Mr. Revankar and certain other defendants had filed a petition before the High Court seeking to quash the first information report. The petition has been rejected by the High Court by way of an order dated April 25, 2016 on grounds that the cause of action was purely of a civil nature and the court directed the matter to the State of UP to file the final report. The complainant subsequently filed a protest petition before the Chief Judicial Magistrate, Lucknow, which is currently pending. The matter is pending for hearing.

Criminal information report filed by Mr. Abhishek Shukla

Mr. Abhishek Shukla filed a first information report dated October 18, 2015 under Sections 406 and 420 of the Indian Penal Code, 1860, against, amongst others, our Director, Mr. Umesh Govind Revankar in relation to non-payment of Mr. Abhishek Shukla’s fees. The matter is currently pending before the Chief Judicial Magistrate, Lucknow. A petition by the defendants was filed before the High Court seeking to quash the first information report. The petition was rejected by the High Court by way of an order dated April 1, 2016 on the grounds that the cause of action was purely of a civil nature and the court directed the matter to the State of UP to file the final report. The matter is currently pending. The complainant subsequently filed a protest petition before the Chief Judicial Magistrate, Lucknow, which is currently pending. The matter is listed for hearing on January 3, 2025.

For further information relating to such proceedings, see “*Risk Factors—Risks relating to our Company and its Business—Our Company is involved in certain legal proceedings which, if determined against us, could have a material adverse effect on our goodwill, financial condition, results of operations and cash flows.*”

SOCIAL FINANCE FRAMEWORK

Shriram Finance Limited's Social Finance Framework

SFL has developed a Social Finance Framework under which SFL can issue Social Financing Instruments (“SFI”) including, inter alia, social bond(s), loan(s) via private / public placement(s) and any other debt financing instruments including securitization and debentures, both domestic or offshore. Net proceeds will be exclusively applied to finance or refinance, in whole or in part, a portfolio of new and/or existing eligible social projects (“**Eligible Social Projects**”) to promote sustainability. Defined terms used in this section shall have the same meaning as defined in the Social Finance Framework.

The main characteristics of SFL's social bond are specified within SFL's Social Finance Framework which is available on its website at <https://www.shriramfinance.in/investors/governance>.

The Social Finance Framework outlines the criteria and guidelines for the allocation of proceeds as per International Capital Market Association (“**ICMA**”) Social Bond Principles 2023 (“**SBP**”) and the Loan Market Association (“**LMA**”), Asia Pacific Loan Market Association (“**APLMA**”) and the Loan Syndication and Trading Association's (“**LSTA**”) Social Loan Principles (2023).

In alignment with the above principles, SFL's Social Finance Framework is structured based on the following key pillars:

- i. Use of proceeds
- ii. Process for asset evaluation and selection
- iii. Management of proceeds
- iv. Reporting
- v. External review

The Social Finance Framework and S&P Global Ratings' Second Party Opinion (“**SPO**”) may be amended, supplemented or replaced from time to time.

Use of Proceeds

A portfolio of Eligible Social Projects (together forming the “**Eligible Social Portfolio**”) qualifies as use of proceeds under the categories and eligibility requirements as listed in the “Use of Proceeds” section of the Social Finance Framework.

Environmental Do No Significant Harm (“DNSH”) transparency

SFL's Social Finance Framework outlines a number of measures implemented to ensure that principles of DNSH transparency are adhered to. For example, SFL tracks the vehicles that it funds by type, end use, and geographic location in its management system, and uses internal systems to allow them to exclude vehicles that are used for the transportation of fossil fuel.

Project Evaluation and Selection

The project evaluation and selection process is a key pillar that ensures projects financed meet the criteria stated in the Social Finance Framework. SFL has established a Social Financing Working Group (“**SFWG**”), chaired by SFL's Treasury, comprising of SFL's departments as follows:

- Treasury department
- Corporate Social Responsibility department
- Transport planning department
- Business operation department

The SFWG's role will be to:

- Inform the Treasury, Accounts and Business departments of the potential fund raise under the Social Financing

- On receipt of the funding, the end use to be monitored by the accounts department and reported to SFWG
- SFWG will then select, review and validate the Eligible Social Portfolio, based on the Social Finance Framework
- Validate annual reporting for investors/ lenders
- SFWG will also identify and manage social and environmental risks associated with the approved Eligible Social Projects
- Monitor the on-going evolution related to sustainable capital markets in terms of disclosure/reporting in order to be in-line with market best practices
- Review the Social Finance Framework to reflect any changes with regards to SFL's sustainability strategies and initiatives

Management of Proceeds

SFL intends to allocate the proceeds from SFIs issued, including social bond(s), to Eligible Social Projects, within 36 months of issuance and selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. To ensure proceeds are allocated in accordance with the Social Finance Framework, SFL will track investments in the Eligible Social Projects, managed by SFWG in a portfolio approach.

SFL will ensure that the level of allocation for the Eligible Social Portfolio matches or exceeds the balance of net proceeds from its outstanding social financing after adjustments for intervening circumstances including, but not limited to, repayments and disbursements. In the situation where allocated projects cease to fulfil the eligibility criteria, additional Eligible Social Projects will be added to SFL's Eligible Social Portfolio to the extent required to ensure that the net proceeds from outstanding social financing will be allocated to Eligible Social Projects.

Reporting

SFL will report on the allocation of net proceeds and associated output and impact indicators within one year from issuance date and annually thereafter until the proceeds have been fully allocated, and as necessary in the event of material development. This report will be published as a standalone social financing report or as part of the annual report, and will be found on SFL's website <https://www.shriramfinance.in/>.

Wherever feasible, SFL may report on the aggregated impact of the Eligible Social Portfolio on a categorical level. SFL will align the reporting with the portfolio approach described in "ICMA Handbook - Harmonized Framework for Impact Reporting 2023".

External Review

Pre-issuance: Second Party Opinion

SFL has appointed S&P Global Ratings as the SPO provider, to evaluate SFL's Social Finance Framework and the alignment thereof with relevant industry standards, including ICMA's SBPs and the Social Loan Principles. The results are documented in S&P Global Rating's SPO which is available on the issuer's website: <https://www.shriramfinance.in/investors/governance>. In particular, S&P Global Ratings has confirmed that the Social Finance Framework aligns with the core components of ICMA's Social Bond Principles and the Social Loan Principles.

Post issuance: Verification

SFL will engage with a third-party verifier to issue a limited assurance report on the allocation and impact of the use of proceeds of the Eligible Social Projects, starting one year after issuance and until full allocation.

For the avoidance of doubt, the Social Finance Framework, S&P Global Ratings' SPO and information on the Eligible Social Projects as set out on the Company's website are not incorporated by reference into, and do not form part of, this Offering Circular.

ASSETS AND LIABILITIES

The following unaudited information should be read together with the financial statements included in this Offering Circular and the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

In this section, references to “we,” “our” and “us” are to the Company unless the context requires otherwise.

Average Balance Sheet

The tables below present the average balances for interest-earning assets and interest-bearing liabilities together with the related interest revenue and expense amounts, resulting in the presentation of the average yields and cost for the periods indicated. We have not recalculated tax-exempt income on a tax equivalent basis.

Unconsolidated for the six months ended September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	Six months ended September 30, 2024		
	(Reviewed)		
	Average Balance ⁽¹⁾	Interest Income ⁽²⁾ / Expenses	Average Yield/ Cost (%) ⁽³⁾
	(INR million)		
Interest-earning assets:			
Advances	2,161,353.8	161,913.0	15.00%
Investments.....	91,346.3	3,399.1	7.40%
Others	130,012.8	2,350.5	3.60%
Total interest-earning assets	2,382,712.9	167,662.6	14.10%
Non-interest earning assets:			
Advances	-	-	-
Investments.....	12,462.9	-	-
Others	6,116.9	-	-
Total non-interest-earning assets	18,579.8	-	-
Fixed assets	32,473.0	-	-
Other assets	51,723.5	-	-
Total assets	2,485,489.2	-	-
Interest-bearing liabilities:			
Borrowings	1,951,354.3	84,793.3	8.70%
Total interest-bearing liabilities	1,951,354.3	84,793.3	8.70%
Non-interest bearing liabilities:			
Capital and other equity.....	504,211.9	-	-
Other liabilities	29,923.0	-	-
Deferred Tax liability	-	-	-
Total interest-bearing liabilities	534,134.9	-	-
Total liabilities	2,485,489.2	-	-

Notes:—

- (1) The average balances are calculated by taking the simple average of the quarterly data for SFL for the six months ended September 30, 2024, as applicable. The average balances of loans include Stage 3 Assets and are net of allowances for impairment.
- (2) Interest income is net of allowances for impairment.

- (3) The average yield on average interest-earning assets is the ratio of average interest revenue to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of average interest expense to average interest-bearing liabilities.

Analysis of Changes in Interest Income and Interest Expense by Volume and Rate

The following tables set forth, for the periods indicated, the analysis of the changes in our interest income and interest expense due to changes in average volume and changes in average rates.

Unconsolidated for the six months ended September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	Six months ended September 30, 2023 (Unaudited)			Six months ended September 30, 2024 (Reviewed)			Six months ended September 30, 2023 vs. Six months ended September 30, 2024		
	Interest Income/ Expense ⁽¹⁾	Average Balance ⁽²⁾	Average Yield/ Cost (%) ⁽³⁾	Interest Income/ Expense ⁽¹⁾	Average Balance ⁽²⁾	Average Yield/ Cost (%) ⁽³⁾	Net Change in Interest Income/ Expense ⁽⁴⁾	Increase (Decrease) due to change in Average Volume ⁽⁵⁾	Increase (Decrease) due to change in Average Rate ⁽⁶⁾
	(in INR millions, except percentages)								
Interest income:⁽¹⁾									
Advances	161,913.0	2,161,353.8	15.00%	133,644.2	1,793,345.2	14.90%	28,268.8	54,833.3	0.10%
Investments.....	3,399.1	91,346.3	7.40%	2,459.0	67,677.2	7.30%	940.1	1,727.8	0.10%
Others	2,350.5	130,012.8	3.60%	2,850.6	139,019.8	4.10%	(500.1)	(369.3)	(0.50)%
Total interest earning assets ...	167,662.6	2,382,712.9	14.10%	138,953.8	2,000,042.2	13.90%	28,708.8	53,191.2	0.20%
Interest expenses:									
Borrowings	84,793.3	1,951,354.3	8.70%	71,094	1,617,324	8.80%	13,699.3	29,394.7	(0.10)%
Total interest bearing liabilities.....	84,793.3	1,951,354.3	8.70%	71,094	1,617,324	8.80%	13,699.3	29,394.7	(0.10)%
Net Interest Income	82,869.3	431,358.6	5.40%	67,859.8	382,718.2	5.10%	15,009.5	2,480.7	0.30%

Notes:—

- (1) Interest income is net of allowances for impairment.
- (2) The average balances are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31 2024, June 30, 2024 and September 30, 2024 for SFL for the half year ended September 30, 2024, as applicable. The average balances are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2023, for STFC, June 30, 2023 and September 30, 2023 for SFL for the six months ended September 30, 2023, as applicable. The average balances of loans include Stage 3 Assets and are net of allowances for impairment.
- (3) The average yield on average interest-earning assets is the ratio of average interest revenue to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of average interest expense to average interest-bearing liabilities.
- (4) Net change in interest income / expense means net interest income of the period less net interest income of the previous period. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes.
- (5) Change in average volume means the difference between the average balance for the half year ended September 30, 2024 over the average balance for the half year ended September 30, 2023 for SFL. Increase (decrease) due to change in average volume represents the change in average volume multiplied by the average yield/cost (%) for the half year ended September 30, 2023.
- (6) Change in average rate means the difference between the average yield/cost (%) for the quarter ended September 30, 2024 over the average yield/cost (%) for the half-year ended September 30, 2023 for SFL. Increase (decrease) due to change in average rate of SFL represents the change in average rate multiplied by the average balance for the half-year ended September 30, 2023.

Yields, Spreads and Margins

The following tables set forth, for the periods indicated, the yields, spreads and interest margins on our interest-earning assets.

Unconsolidated for the six months ended September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	Six months ended September 30, 2024 (Reviewed) (in INR millions, except percentages)
Particulars	
Average interest-earning assets ⁽¹⁾	2,382,712.9
Average interest-bearing liabilities ⁽²⁾	1,951,354.3
Average total assets ⁽³⁾	2,485,489.2
Average total liabilities ⁽⁴⁾	2,485,489.2
Average interest-earning assets as a percentage of average total assets (%)	95.86%
Average interest-bearing liabilities as a percentage of average total assets (%) .	78.51%
Average interest-earning assets as a percentage of average interest-bearing liabilities (%)	122.11%
Yield ⁽⁵⁾ (%)	14.10%
Cost of Funds ⁽⁶⁾ (%)	8.70%
Spread ⁽⁷⁾ (%)	5.40%

Notes:—

- (1) Average interest earning assets are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2024, June 30, 2024 and September 30, 2024 for the half-year ended September 30, 2024, as applicable. The Average interest earning assets are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2023, June 30, 2023 and September 30, 2023 for the half-year ended September 30, 2023, as applicable..
- (2) Average interest bearing liabilities are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2024, June 30, 2024 and September 30, 2024 for the half-year ended September 30, 2024, as applicable. The Average interest bearing liabilities are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2023, June 30, 2023 and September 30, 2023 for the half-year ended September 30, 2023, as applicable.
- (3) Average total assets represent the simple average of quarterly assets for the period.
- (4) Average total liabilities represent the simple average of quarterly liabilities for the period.
- (5) Yield is interest income divided by total quarterly average interest-earning assets.
- (6) Cost of funds is interest expense divided by total quarterly interest-bearing liabilities.
- (7) Spread is equal to yield less cost of funds.

Return on Equity and Assets

The following tables present selected financial ratios for the periods indicated.

Unconsolidated for the six months ended September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	Six months ended September 30, 2024 (Reviewed) (in INR millions, except percentages)
Particulars	
Interest Income ⁽¹⁾	167,662.6
Average total assets ⁽²⁾	2,485,489.2
Average shareholders' equity ⁽³⁾	504,211.9
Net profit	40,518.5

	Six months ended September 30, 2024 (Reviewed) (in INR millions, except percentages)
Total comprehensive income for the period	41,269.3
Return on average equity ⁽⁴⁾ (%).....	25.70%
Return on average assets ⁽⁵⁾ (%)	5.20%
Average shareholders' equity as a percentage of average total assets (%).....	20.30%

Notes:—

- (1) Interest income is net of allowances for impairment.
- (2) The average balances are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2024, June 30, 2024 and September 30, 2024 for the half-year ended September 30, 2024, as applicable. The average balances are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2023, June 30, 2023 and September 30, 2023 for the half-year ended September 30, 2023, as applicable. The average balances of loans include Stage 3 Assets and are net of allowances for impairment.
- (3) Average shareholders' equity represents the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2024, June 30, 2024 and September 30, 2024 for the half-year ended September 30, 2024, as applicable. The Average shareholders' equity are calculated by taking the simple average of the quarterly data from the unconsolidated reports and accounts as of March 31, 2023, June 30, 2023 and September 30, 2023 for the half-year ended September 30, 2023, as applicable.
- (4) Return on average equity is calculated as net profit before provisions for impairment on financial instruments divided by average shareholders' equity.
- (5) Return on average assets is calculated as net profit before provisions for impairment on financial instruments divided by average total assets.

Asset-Liability Gap

The following tables set forth the asset-liability gap position for our operations as of the dates indicated. The asset liability gap is calculated considering the repayments on loan book and includes all assets and liabilities including off balance sheet items.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	As of September 30, 2024
	(Reviewed)
	(in INR millions)
Due in one year or less	
Inflows (Assets).....	1,168,853.5
Outflows (Liabilities)	656,533.6
Due in one – three years	
Inflows (Assets).....	1,034,627.5
Outflows (Liabilities)	1,047,206.5
Due in three – five years	
Inflows (Assets).....	254,670.0
Outflows (Liabilities)	275,873.8
Due after five years	
Inflows (Assets).....	174,124.3
Outflows (Liabilities)	674,079.9
Total	
Inflows (Assets)	<u>2,632,275.3</u>
Outflows (Liabilities)	<u><u>2,653,693.8</u></u>

Asset Quality and Composition (on an unconsolidated basis)

The following table sets forth, as of the dates indicated, Total Loan Assets (gross of Provisions) classified by loan types.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	As of September 30, 2024	
	(Reviewed)	
	Loan	% of Total
	(in INR millions, except percentages)	
Classification of Loans and Advances		
Commercial Vehicles	1,121,940.6	46.16%
Construction Equipment.....	176,377.1	7.26%
Passenger Vehicles	490,003.2	20.16%
Farm Equipment	44,677.0	1.84%
Two Wheeler	130,890.8	5.39%
MSME	322,996.8	13.29%
Gold Loan.....	60,804.6	2.50%
Personal Loan	82,735.4	3.40%
Working Capital Loan	-	-
Total	<u><u>2,430,425.5</u></u>	<u><u>100.00%</u></u>

Maturity and Interest Rate Sensitivity of Loans

The following table sets forth the interest rate sensitivity of our loans as of September 30, 2024.

As of September 30, 2024 (Reviewed)				
Particulars	Due in one year or less	Due in one year to five years	Due after five years	Total
	(in INR millions, except percentages)			
Interest rate classification of loans by maturity	971,777.0	1,243,333.3	31,437.0	2,246,547.3

Classification of Assets and Provisioning

Our Company is required to follow the RBI SBR Directions, as amended, prescribed by the RBI, among other matters, in the classification of our assets, treatment of NPAs and provisioning against NPAs, as further described in the section titled “*Regulation and Policies*” of this Offering Circular. Each NBFC-UL, such as our Company, is required to classify its lease/hire purchase assets, loans, advances and other forms of credit into standard, sub-standard, doubtful or loss assets.

The Ministry of Corporate Affairs (“MCA”) has issued the Companies (Indian Accounting Standards) Rules 2015, which stipulates requirements regarding adoption and applicability of IND-AS in a phased manner beginning from the accounting period 2016-2017. The MCA has subsequently issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 to amend the Companies (Indian Accounting Standards) Rules 2015. It is mandatory that NBFCs whose net worth exceeds INR 5 billion adopt IND-AS from April 1, 2018. The Issuer is an NBFC and, as per the current regulatory requirements, it needs to comply with IND-AS for financial reporting with effect from April 1, 2018. IND-AS requires entities to recognize and measure a credit loss allowance or provision based on expected credit loss. The expected loss impairment model applies to loans, debt securities and trade receivables measured at amortized cost or at fair value through other comprehensive income.

As of September 30, 2024, INR 127,642.3 million (U.S.\$ 1,523.4 million) of our Company’s loan assets on an unconsolidated basis have been categorized as Stage 3 Assets. As of September 30, 2024, our Company’s Stage 3 Assets as a percentage of Total Loan Assets as per IND-AS (gross of Provisions) was 5.32% and its Stage 3 Assets net of Stage 3 Provisions as a percentage of Net Loan Assets (net of Provisions) was 2.64% on an unconsolidated basis. Our Company defines Stage 3 Assets net of Stage 3 Provisions as Stage 3 Assets less Provisions. As of September 30, 2024, our Company made Stage 3 Provisions for 51.70% of its Stage 3 Assets on an unconsolidated basis.

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

Unconsolidated for the six months ended September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	Six months ended September 30, 2024 (Reviewed)
	(in INR millions, except percentages)
Particulars	
Stage 3 Assets Opening balance at the beginning of the period ⁽¹⁾	120,811.5
Increase/(Decrease)	6,830.8
Stage 3 Assets at the close of the period	127,642.3
Stage 3 Assets net of Stage 3 Provisions ⁽²⁾	61,656.3
Total Loan Assets (gross of Provisions) ⁽³⁾	2,398,225.3
Net Loan Assets (net of Stage 3 Provisions) ⁽⁴⁾	2,332,239.3
Stage 3 Assets as a percentage of Total Loan Assets (%) (gross of Provisions) .	5.32%
Stage 3 Assets net of Stage 3 Provisions as a percentage of Net Loan Assets (net of Stage 3 Provisions) (%).....	2.64%
Stage 3 Provisions percentage	51.70%

Notes:—

- (1) Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date.
- (2) Stage 3 Provisions is lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument. Stage 3 Assets net of Stage 3 Provisions are Stage 3 Assets less Provisions.
- (3) Total Loan Assets (gross of Provisions) means secured hypothecation loans, other secured loans, retained interest on direct assignment, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee excluding Provisions.
- (4) Net Loan Assets (net of Stage 3 Provisions) means secured hypothecation loans, other secured loans, retained interest on direct assignment, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee as adjusted for expected credit loss model Provisions on Stage 3 Assets.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	As of September 30, 2024 (Reviewed)
	(in INR millions, except percentages)
Stage 3 Assets ⁽¹⁾	127,642.3
Stage 3 Assets net of Stage 3 Provision ⁽²⁾	61,656.3
Total Loan Assets (gross of Provisions) ⁽³⁾	2,398,225.3
Net Loan Assets (net of Provisions) ⁽⁴⁾	2,332,239.3
Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) (%) .	5.32%
Stage 3 Assets net of Stage 3 Provisions as a percentage of Net Loan Assets (%)	2.64%

Notes:—

- (1) Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date.
- (2) Stage 3 Provisions is lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument. Stage 3 Assets net of Stage 3 Provisions are Stage 3 Assets less Provisions.

- (3) Total Loan Assets (gross of Provisions) means secured hypothecation loans, other secured loans, retained interest on assignment, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee excluding Provisions.
- (4) Net Loan Assets (net of Stage 3 Provisions) means secured hypothecation loans, other secured loans, retained interest on assignment, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortized loan origination cost and net of unamortized processing fee as adjusted for expected credit loss model Provisions on Stage 3 Assets.

NPA Management

Our Company makes provisions for NPAs in accordance with the RBI SBR Directions, as amended. A loan is written off when all available options for recovery have failed and after due approval of the Board of the Company.

Our Company has a loan recovery procedure system in place that our Company believes is well suited to our market in the commercial vehicle financing industry. The entire collection operation is administered in-house and our Company does not outsource loan recovery and collection operations. In case of default, our local relationship executive identifies the reasons for the default and initiates appropriate actions including requiring partial repayment and/or seeking additional guarantees or collateral.

Investments:

Investments being Financial assets are classified into the following measurement categories:

1. to be measured at amortized cost
2. to be measured at fair value through other comprehensive income
3. to be measured at fair value through profit or loss

Provisions, contingent liabilities and contingent assets

A provision is recognized when our Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate in respect of which can be made. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at the reporting date, the Company does not have any such provisions where the effect of time value of money is material. Provisions are reviewed at each balance sheet date and adjusted to reflect then current management estimates.

Employee benefits

Our Company's liability for employee benefits in respect of gratuity is ascertained on actuarial valuation and is provided for and funded separately. Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related services are rendered. Post-employment and other long-term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable based on actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long-term benefits are charged to the statement of profit and loss in the period in which they arise. Our Company has created a gratuity fund for the employees of our Company and its associate to discharge the liability for payment of gratuity to employees.

Transactions in foreign currency

Foreign currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans/liabilities are translated into Rupees with reference to the rates of exchange prevailing on the date of the balance sheet and the resultant exchange differences are charged to our Company's statement of profit and loss.

Credit Management Policies and Procedures

The various divisions of our Company formulate and revise internal policies and procedures for their respective lending activities. Policies on standards for the presentation of credit proposals, risk identification, risk grading, reporting and risk control, risk mitigation techniques, documentation, legal issues and the management of problem loan accounts are also in place. Reviews of the loan portfolios under various lending programs are undertaken and single and group borrower limits have been established. Revisions in policies and procedures are carried out with the approval of the Board of Directors or appropriate delegated authorities of our Company.

Our Company's credit approval process involves multiple levels of loan approval authority, depending on the loan amount and other factors such as the nature of the credit and the conditions of the transaction.

At each level of authority, loan applications are reviewed on the basis of the feasibility of the project from a technical, financial and economic point of view, in addition to being evaluated according to the probability of recovery. In conducting such a review, the following factors are considered: the borrower's profile, management structure, past financial performance and credit ratings, our Company's exposure to the company, industrial group and/or industry in light of prudential exposure norms, and industry outlook and financial projections for the borrower. Our Company may also conduct a sensitivity analysis which includes variables such as debt servicing ratios and internal rates of return. In case of individual borrowers, we carefully evaluate projected earnings and the viability of his business with respect to his capacity for repayment of dues.

Our Company has internal guidelines that limit the amounts of loans that can be authorized. This amount differs depending on the type of loan and certain other factors, such as type of borrowers, sellers (in the case of pre-owned vehicles) and vehicle dealers (in the case of new vehicles), or type of facilities and their prior repayment patterns. Our Company disburses funds to a borrower strictly as per the terms of the sanction and after all necessary documentation has been executed. Specific approval must be sought from the competent authority before deviating from the terms of the sanction, if any, subject to reporting the same to the original sanctioning authority.

Loan Review and Monitoring

The success of our Company's business of providing credit and loan products relies heavily on effective and timely monitoring and supervision of loans granted. In addition to our Company's risk management systems, which identify and set individual limits based on credit quality and sectoral limits, our Company also has in place a complete and effective post-sanction follow-up system that monitors and tracks the status of loans and other credit facilities. The follow-up system reviews and interprets information and data that identifies potential increases in credit risks and allows our Company to deal with such credit exposures in a timely manner.

Initial Credit Evaluation

When a customer is identified and the requisite information for a financing proposal is received, a branch manager or relationship executive meets with such customer to assess the loan requirements and creditworthiness of such customer. The proposal form requires the customer to provide information on the age, address, employment details and annual income of the customer, as well as information on outstanding loans and the number of commercial vehicles owned. An applicant is required to provide proof of identification and residence for verification purposes. In connection with the loan application, an applicant is also required to furnish a guarantor, typically another commercial vehicle owner, preferably an existing or former customer. Our Company also requires detailed information relating to such guarantor. For pre-owned commercial vehicles, vehicle inspection and evaluation reports are prepared by our Company's executives to ascertain, among other matters, the registration details of the vehicle, as well as its condition and market value. A field investigation report is also prepared relating to the place of residence and various movable and immovable properties of an applicant and the guarantor.

Credit policies

Our Company follows stringent credit policies to ensure the asset quality of our Company's loans and the security provided for such loans. Any deviation from such credit policies in connection with a loan application requires approval from the designated authority as specified in the credit policies. Our credit policies include the following:

Vehicle type

Our Company mostly finances vehicles that are used for commercial purposes. As these are income-generating assets, our Company believes that this asset type reduces our Company's credit risk.

Guarantor requirement

Under our credit policies, loans must be secured by the personal guarantee of the borrower as well as that of at least one third party guarantor. For commercial vehicle loans, the guarantor must be an asset owner, preferably our existing or former customer, and preferably operating in the same locality as the borrower.

In connection with any secured retail or small enterprise loan (other than loans secured by gold), we generally require immovable or movable property to be provided as security for the value of the loan amount and conduct appropriate legal diligence and valuation of such properties. In cases where the borrower is unable to provide property as security, the borrower is required to furnish a guarantee from an acceptable guarantor.

Loan approval guidelines

From time to time, our Company's management lays down loan approval parameters which are typically linked to the value of the vehicles and loan amount.

Age limit for pre-owned vehicles

We typically extend loans to vehicles that are less than 12 years old but age limit may vary as per usability in specific geographies.

Period

The maximum tenure in case of assets shall not be more than 84 months.

Release of documents on full repayment

Security received from the borrower, if any, is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower.

RTO records

In case of pre-owned vehicle financing, Regional Transport Office ("RTO") records must be inspected for the non-payment of road tax, pending court cases, and other issues, and the records retained as part of the loan documentation.

Physical inspection and trade reference

In case of all pre-owned vehicle financing, the branch manager must physically inspect the vehicle and assess its value. The branch manager's determination regarding the condition of the vehicle is recorded in the evaluation report of the vehicle. The branch manager must also conduct contact point verification as well as a trade reference check of the borrower before an actual disbursement is made, and such determination is recorded in the proposal evaluation records.

Approval Process

The branch manager evaluates the loan proposal based on supporting documentation and various other factors. The primary criterion for the approval of a loan proposal is based on the guarantee provided by a guarantor, who is preferably an existing or previous customer, as well as the valuation of the asset to be secured by the loan. In addition, our Company's branch managers may also consider other factors in the approval process such as length of residence, past repayment record and income sources. The branch manager is authorized to approve a loan if the proposal meets the criterion established for the approval of a loan. The

applicant is informed of the outcome of the approval process as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualized) and the application of such interest during the tenure of the loan. A sanction letter is issued to the borrower incorporating all the financial details such as the loan amount, tenure and rate of interest and the loan disbursement takes place only on getting the sanction letter duly accepted by the borrower.

Disbursement

Margin money and other charges are collected prior to loan disbursements. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation. The relevant RTO endorsement forms are also required to be executed by the borrower prior to the disbursement of the loan. Prior to the loan disbursement, the loan officer ensures that a KYC checklist is completed by the applicant. The loan officer verifies such information provided and includes such records in the relevant loan file and ensures that the content of the loan documents is explained in detail to the borrower either in English or in the local language of the borrower, and a statement to such effect is included as part of the loan documentation. For pre-owned vehicles, an endorsement of the registration certificate as well as the insurance policy must be executed in our Company's favor.

Loan administration and monitoring

The borrower and the relevant guarantor are required to execute a standard form of loan agreement, which, among others, requires a promissory note to be executed containing an unconditional promise of payment to be signed by both the borrower and the relevant guarantor.

Our Company provides payment options: cash, cheques or demand drafts, mobile wallets, UPI, NACH and USSD banking. Repayments are made in monthly instalments. Loans disbursed are recovered from the borrower in accordance with the loan terms and conditions agreed with the borrower. Our Company tracks loan repayment schedules of its borrowers, on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analyzed based on the vehicles financed and location of the borrower.

Our Company's management information system department and centralized operating team monitors compliance with the terms and conditions for credit facilities. Our Company monitors the completeness of documentation and creation of security through regular visits to the branches by our Company's regional and head office executives and internal auditors. All borrower accounts are reviewed at least once a year, with higher frequency for the larger exposures and delinquent borrowers. The branch managers review collections regularly, and personally contact borrowers that have defaulted on their loan payments. Branch managers are assisted by a set of relationship executives in day-to-day operations, who are typically responsible for the collection of instalments from borrowers, depending on territorial dispersal.

Collection and Recovery

In case of default, our local relationship executives identify the reasons for the default and initiate appropriate action, such as requiring partial repayment and/or seeking additional guarantees or collateral. In the event of a default on three loan instalments, branch managers of our Company are required to make personal visits to the borrower to determine the gravity of the loan recovery problem and provide suitable solutions. Our Company may initiate the process for recovery of the asset in the event of a default. Branch managers are trained to recover the asset from the borrower. The assets so recovered are held at designated secured facilities for eventual sale. The notice to the borrower specifies the outstanding amount to be paid within a specified period, failing which the asset may be disposed of. In the event that there is a shortfall in the recovery of the outstanding amount from the sale of the asset, our Company may also initiate legal proceedings against the borrower.

Funding and Liquidity

Our Company's funding operations are designed to ensure stability of funding, minimize funding costs and effectively manage liquidity. Our Company derives funding from capital and reserves and borrowing from a combination of term loans from banks and financial institutions, issuance of redeemable non-convertible debentures, public deposits, the issue of subordinated bonds and commercial paper as well as through the securitization/assignment of our loan portfolio.

Loan Funds

Our Company's loan funds comprise secured and unsecured borrowings. Our Company's loan funds have shown a substantial increase on account of higher outstanding loan borrowings. As of September 30, 2024, our Company's loan funds were INR 2,078,196.2 million (U.S.\$ 24,802.8 million) on an unconsolidated. Non-convertible debentures, loans from banks and institutions, public deposits, external commercial bond, deposits and senior secured notes form a major part of our incremental borrowings. Our Company's business consists of borrowing funds and on-lending such funds to its customers in the form of loan products. Consequently, growth in our Company's business has been marked by an increase in its loan assets.

The following tables set forth, for the periods indicated, information related to our borrowings.

Unconsolidated for the six months ended September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	Six months ended September 30, 2024 (Reviewed) (in INR millions, except percentages)
Period end balance.....	2,078,196.2
Maximum outstanding.....	2,078,196.2
Interest paid during the period.....	84,793.3
Average interest rate during the period ⁽¹⁾ (%)	8.70%
Average interest rate at period ⁽²⁾ (%).....	8.97%

Notes:—

- (1) Represents the ratio of interest expense on borrowings to the simple average of the balances of borrowings for the six months ended September 30, 2024, as applicable.
- (2) Represents the weighted average of the rate of borrowings outstanding for September 30, 2024, as applicable.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	As of September 30, 2024 (Reviewed)	
	Amount	percentage
	(INR million, except percentages)	(U.S.\$ million)
Rupee.....	1,760,676.8	84.7
Foreign currency.....	317,519.4	15.3
Total borrowings	2,078,196.2	100%

As of September 30, 2024, our Company had foreign currency borrowing, on an unconsolidated basis, facilities that provided for an aggregate availability equivalent to INR 317,519.4 million (U.S.\$ 3,789.5 million) as detailed in the table above. Although all these loans are sanctioned in U.S. dollars or EURO, these loans are fully hedged. Hence, our Company does not have any unhedged foreign currency exposure.

The following table sets forth a brief summary of our unconsolidated foreign currency borrowings as of the dates indicated.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

Name of Lender(s)	Facility	As of September 30, 2024		
		Disbursal	Amount outstanding	
		Loan amount (U.S.\$/ €) as applicable	(INR)	(U.S.\$/ €) as applicable
ING Bank, Germany	ECB Loan	€ 93,750,000	2,284,615,383	€ 28,846,154
BNP Paribas SA, France	ECB Loan	€ 31,250,000	761,538,462	€ 9,615,385
PROPORCO	ECB Loan	\$ 70,000,000	2,722,363,638	\$ 38,181,818
OESTERREICHISCHE ENTWICKLUNGSBANK AG	ECB Loan	\$ 20,000,000	668,181,817	\$ 9,090,909
UNION BANK OF INDIA, Sydney Branch	ECB Loan	\$ 24,000,000	1,798,560,000	\$ 24,000,000
BNP Paribas Singapore	ECB Loan	\$ 1,000,000	74,940,000	\$ 1,000,000
UNITED STATES DEVELOPMENT FINANCE CORPORATION	ECB Loan	\$ 250,000,000	18,220,312,500	\$ 234,375,000
ASIAN DEVELOPMENT BANK	ECB Loan	\$ 100,000,000	6,444,666,667	\$ 77,777,778
Sumitomo Mitsui Banking Corporation Singapore Branch	ECB Loan	\$ 75,000,000	6,113,386,364	\$ 75,000,000
UCO Bank, Singapore Branch	ECB Loan	\$ 75,000,000	6,113,386,364	\$ 75,000,000
Kreditanstalt für Wiederaufbau	ECB Loan	\$ 49,400,000	4,026,683,818	\$ 49,400,000
Emirates NBD Bank (P.J.S.C.)	ECB Loan	\$ 25,000,000	2,037,795,455	\$ 25,000,000
Citibank N.A., Hong Kong Branch	ECB Loan	\$ 5,000,000	407,559,091	\$ 5,000,000
Hua Nan Commercial Bank Manila Branch	ECB Loan	\$ 4,000,000	326,047,273	\$ 4,000,000
Hua Nan Commercial Bank, Ltd., Offshore Banking Branch	ECB Loan	\$ 16,000,000	1,304,189,091	\$ 16,000,000
The Hongkong and Shanghai Banking Corporation Limited, Gift City Branch	ECB Loan	\$ 5,600,000	456,466,182	\$ 5,600,000
Taiwan ShinKong Commercial Bank Taiwan	ECB Loan	\$ 10,000,000	815,118,182	\$ 10,000,000
Union Bank of India (UK) Limited	ECB Loan	\$ 10,000,000	815,118,182	\$ 10,000,000
DEUTSCHE BANK, Gift City Branch	ECB Loan	\$ 50,000,000	4,110,000,000	\$ 50,000,000
Canara Bank DIFC Branch	ECB Loan	\$ 50,000,000	4,106,500,000	\$ 50,000,000
Bank of Baroda Gift City Branch	ECB Loan	\$ 50,000,000	4,102,500,000	\$ 50,000,000
CANARA BANK, LONDON BRANCH	ECB Loan	\$ 75,000,000	6,153,750,000	\$ 75,000,000

UNION BANK OF INDIA, SYDNEY BRANCH	ECB Loan	\$ 25,000,000	2,051,250,000	\$	25,000,000
The National Bank of Ras Al Khaimah (P.S.C)	ECB Loan	\$ 30,000,000	2,482,800,000	\$	30,000,000
Chang Hwa Commercial Bank, Ltd. Hong Kong Branch	ECB Loan	\$ 15,000,000	1,241,400,000	\$	15,000,000
Bank of China Limited, Grand Cayman Branch	ECB Loan	\$ 14,000,000	1,158,640,000	\$	14,000,000
Doha Bank QPSC	ECB Loan	\$ 10,000,000	827,600,000	\$	10,000,000
Hua Nan Commercial Bank, Ltd., Offshore Banking Branch	ECB Loan	\$ 10,000,000	827,600,000	\$	10,000,000
The Shanghai Commercial & Savings Bank, Ltd. Offshore Banking Branch	ECB Loan	\$ 10,000,000	827,600,000	\$	10,000,000
UCO Bank, Singapore Branch	ECB Loan	\$ 50,000,000	4,138,000,000	\$	50,000,000
DEUTSCHE BANK, Gift City Branch	ECB Loan	€ 50,000,000	4,450,000,000	€	50,000,000
Malayan Banking Berhad, Singapore Branch	ECB Loan	\$ 20,000,000	1,663,000,000	\$	20,000,000
Bank Sinopac Co., Ltd.	ECB Loan	\$ 10,000,000	831,500,000	\$	10,000,000
CTBC Bank Co., Ltd.	ECB Loan	\$ 10,000,000	831,500,000	\$	10,000,000
E Sun Commercial Bank,Ltd	ECB Loan	\$ 10,000,000	831,500,000	\$	10,000,000
RBL Bank Gift city Branch	ECB Loan	\$ 40,000,000	3,327,200,000	\$	40,000,000
Indian bank, Singapore Branch	ECB Loan	\$ 30,000,000	2,495,700,000	\$	30,000,000
Qatar National Bank (Q.P.S.C) Singapore Branch	ECB Loan	\$ 25,000,000	2,079,750,000	\$	25,000,000
Taishin International Bank Co.Ltd	ECB Loan	\$ 10,000,000	831,900,000	\$	10,000,000
MUFG Bank, Gift City Branch	ECB Loan	\$ 57,000,000	4,748,100,000	\$	57,000,000
Indian Overseas Bank, Bangkok Branch	ECB Loan	\$ 10,000,000	833,000,000	\$	10,000,000
Hua Nan Commercial Bank Manila Branch	ECB Loan	\$ 5,000,000	416,500,000	\$	5,000,000
Taipei Fubon Commercial Bank Co., Ltd.	ECB Loan	\$ 18,000,000	1,499,400,000	\$	18,000,000
KGI Bank Co., Ltd.	ECB Loan	\$ 10,000,000	833,000,000	\$	10,000,000
Sanlam Life Insurance Limited	ECB Loan	\$ 35,000,000	2,907,800,000	\$	35,000,000
DBS Bank India Limited, Gift City Branch	ECB Loan	\$ 50,000,000	4,152,000,000	\$	50,000,000
The Hongkong and Shanghai Banking Corporation Limited, Gift City Branch	ECB Loan	\$ 50,000,000	4,152,000,000	\$	50,000,000
Citibank N.A., Hong Kong Branch	ECB Loan	\$ 50,000,000	4,152,000,000	\$	50,000,000
BNP Paribas, Singapore Branch	ECB Loan	\$ 33,000,000	2,740,320,000	\$	33,000,000
Sumitomo Mitsui Banking Corporation Singapore Branch	ECB Loan	\$ 50,000,000	4,152,000,000	\$	50,000,000
Bank of Panhsin	ECB Loan	\$ 7,000,000	581,280,000	\$	7,000,000
Entie Commercial Bank	ECB Loan	\$ 10,000,000	830,400,000	\$	10,000,000
Bank Sinopac Co., Ltd	ECB Loan	\$ 10,000,000	834,700,000	\$	10,000,000
First Abu Dhabi Bank PJSC	ECB Loan	\$ 50,000,000	4,173,500,000	\$	50,000,000
Chang Hwa Commercial Bank, Ltd. Hong Kong Branch	ECB Loan	\$ 10,000,000	834,700,000	\$	10,000,000
Bank of Taiwan	ECB Loan	\$ 10,000,000	834,700,000	\$	10,000,000
Taishin International Bank Co.Ltd	ECB Loan	\$ 15,000,000	1,252,050,000	\$	15,000,000

Deutsche Bank AG IFSC Banking Unit (IBU)	ECB Loan	€ 40,000,000	3,618,000,000	€ 40,000,000
Malayan Banking Berhad, Singapore Branch	ECB Loan	\$ 20,000,000	1,666,400,000	\$ 20,000,000
BCP Bank (Mauritius Ltd)	ECB Loan	\$ 10,000,000	833,200,000	\$ 10,000,000
Burgan bank K.P.S.C	ECB Loan	\$ 20,000,000	1,666,400,000	\$ 20,000,000
Far Eastern International Bank Ltd	ECB Loan	\$ 20,000,000	1,666,400,000	\$ 20,000,000
Mau Bank Ltd	ECB Loan	\$ 10,000,000	833,200,000	\$ 10,000,000
Commercial Bank of Ceylon PLC	ECB Loan	\$ 25,000,000	2,097,000,000	\$ 25,000,000
Overseas Investors	Dollar Bond	\$ 475000000	29,212,225,000	\$ 395,000,000
Overseas Investors	Dollar Bond	\$ 150000000	12,330,000,000	\$ 150,000,000
Overseas Investors	Dollar Bond	\$ 750000000	62,385,000,000	\$ 750,000,000
Overseas Investors	Dollar Bond	\$ 500000000	41,835,000,000	\$ 500,000,000
			302,830,893,466	€ 128,461,538.44
Total				\$1,788,425,505.06

Domestic Borrowings

In terms of domestic resources, a significant proportion of our Company's Rupee denominated funds are raised through privately placed bond issues in the domestic market and term loans. Our Company has a diverse investor base of banks, financial institutions, mutual funds, insurance companies, provident fund trusts, gratuity fund trusts and superannuation trusts and individuals.

The following tables set forth our Company's outstanding indebtedness by type and the percentage such indebtedness constituted of its total indebtedness as of the dates indicated.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

	As of September 30, 2024 (Reviewed)		
	Amount	%	Amount
	(INR million, except percentages)		(U.S.\$ million)
Term loans:			
Term loans from banks.....	372,226.8	17.90	4,442.4
Loans from Institutions.....	93,289.6	4.50	1,113.4
Redeemable Non-Convertible Debentures – Privately Placed	364,792.6	17.60	4,353.7
Redeemable Non-Convertible Debentures – Public issue	7,899.0	0.40	94.3
Commercial Papers.....	34,340.6	1.70	409.8
Deposits:			
Public deposits.....	482,392.5	23.20	5,757.2
Other	19,571.6	0.90	233.6
External commercial bond.....	154,438.7	7.40	1,843.2
External commercial borrowing	163,080.7	7.80	1,946.3
Other loans -Securitisation liabilities	344,672.7	16.60	4,113.6
Loans repayable on demand from Banks (Cash Credit).....	11,373.0	0.50	135.7

As of September 30, 2024 (Reviewed)		
	Amount	Amount
	(INR million, except percentages)	(U.S.\$ million)
Subordinated debt.....	30,118.4	359.5
Total borrowings	2,078,196.2	24,802.0

Bank borrowings

Bank borrowings include secured and unsecured long-term and short-term borrowings from banks and cash credit and working capital loans.

Non-convertible debentures

The Companies Act, 2013 defines a debenture as debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not. We have raised secured and unsecured redeemable non-convertible debentures through private placement to institutions and public issuances. These debentures do not carry an option to convert such debentures into shares.

Fixed deposit

As a deposit-taking NBFC, we mobilize retail fixed deposits at competitive rates. The minimum tenor is 12 months and one day and maximum tenor is 60 months. The deposit acceptance is subject to Master Direction on Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, as amended. Fixed deposits are unsecured. The Company also accepts recurring deposits with tenor similar to fixed deposits.

Loans from institutions

Loans from institutions include secured and unsecured long-term loans from financial institutions.

Others

Others include subordinated debt. Subordinated debt is a fully paid-up capital instrument, which is unsecured and subordinated to the claims of other creditors. The subordinated debt instrument must be issued for a minimum period of 60 months and above, and premature repayment is not permitted. It is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the RBI. Subordinated debt is treated as Tier II capital and helps strengthen a company's capital to risk-weighted assets ratio. We have issued subordinated debt through institutional, retail and public issuances.

The following table sets forth information with respect to subordinated debt issued by us as of the date sets forth below.

Unconsolidated as of September 30, 2024

Information presented below has been derived from financial statements prepared by the Company.

Nature	Number of Subordinated Debt	Face Value	Terms of Redemption Redeemable at par in	Amount of redemption
		(INR million, except percentages)		
Privately placed-Institutional.....	22,432	1,000,000	5.4 to 18 years	23,261.4
Privately placed-Retail	615	1,000,000	10 years	6,857.0
Total				30,118.4

Liquidity Gap Position

We monitor liquidity risk through our asset liability management function with the help of liquidity gap reports. This involves the categorization of all assets and liabilities into different maturity profiles, and evaluating these items for any mismatches in any particular maturities, especially in the short-term. The asset liability management policy has capped the maximum mismatches in the various maturities in line with RBI guidelines and ALCO guidelines.

The following table sets forth information with respect to our liquidity gap position as of September 30, 2024.

Particulars	Zero to one year	Over one year to three years	Over three to five years	Over five years	Total
	(in INR millions)				
A. Outflows					
1. Capital.....	0.00	0.00	0.00	3,759.9	3,759.9
2. Reserves & surplus.....	0.00	0.00	0.00	517,596.2	517,596.2
3. Borrowings.....	633,470.1	1,042,825.0	274,184.6	127,716.5	2,078,196.2
4. Others.....	21,518.6	4,381.5	1,689.2	3,588.8	31,178.1
A. Total Outflows (A)	654,988.7	1,047,206.5	275,873.8	652,661.4	2,630,730.4
B. Inflows					
1. Cash	110,289.8	0.00	0.00	0.00	110,289.8
2. Balances with banks.....	58,438.6	2,813.7	0.00	0.00	61,252.3
3. Investments (net of provisions)	25,680.4	19,970.0	11,531.3	72,780.6	129,962.3
4. Advances (performing)	971,777.0	1,003,035.8	240,297.5	31,437.0	2,246,547.3
5. Others.....	3,812.0	8,808.0	506.9	69,551.8	82,678.7
B. Total Inflows (B)	1,169,997.8	1,034,627.5	2152,335.7	173,769.4	2,630,730.4

Capital Adequacy

As per the RBI SBR Directions, all NBFC-ULs have to maintain a minimum Capital to Risk Adequacy Ratio (“**CRAR**”), consisting of Tier I and Tier II capital, which shall not be less than 15.00% (with a minimum Common Equity Tier 1 Capital of 9.0% of risk weighted assets) of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As per IND-AS, our CRAR computed on the basis of applicable RBI requirements was 20.16% as of September 30, 2024, with Tier I capital comprising 19.36%, on an unconsolidated basis.

The calculation and composition of our Company’s Tier I and Tier II capital as of September 30, 2024, on an unconsolidated basis, is as follows:

	As of September 30, 2024	
	(INR million, except percentages)	(U.S.\$ million)
(1) Tier I Capital	421,005.1	5,024.6
(2) Tier II Capital.....	17,385.3	207.5
(3) Total Capital (1+2).....	438,390.4	5,232.1
(4) Total Risk-Weighted Assets.....	2,174,838.9	25,956.2
(5) Capital Adequacy Ratio (3/4)	20.16%	20.16%

Risk Management

We have developed a robust risk assessment model in order to maintain a healthy asset quality, which includes management policies for interest rate risk, liquidity risk, credit risk and cash management risk as well as risk testing methodologies and risk reporting mechanisms.

Risk Management Structure

The board of directors of our Company constituted a Risk Management Committee of four members, the majority of whom are directors of the Company. Our Company has instituted a risk policy which defines the roles and responsibilities of the Risk Management Committee and delegates to the Committee the monitoring and reviewing of our Company's risk management plan. The Risk Management Committee's role includes review of the risk management policy, approval of the risk management plan, and implementation and monitoring of the risk management policy.

Our Company also has in place an Enterprise Risk Management ("ERM") Framework that is based on the Committee of Sponsoring Organisations Framework. The objectives of the ERM include significantly improved credit risk framework, profile and outcomes, strong market and operational risk capability, economic capital models embedded for all major risks, reliable financial reports, compliance with applicable laws and regulations and simplifying and strengthening compliance. In addition, our Company maintains a risk listing and identifies all the risks that are likely to affect our Company's successful achievement of objectives based on a scoring methodology.

Interest Rate Risk

Our Company's results of operations are dependent upon the level of our Company's net interest margins. Net interest income is the difference between our Company's interest income and interest expense. Since our Company's balance sheet consists of Rupee assets and predominantly Rupee liabilities, movements in domestic interest rates constitute the primary source of interest rate risk. Our Company assesses and manages the interest rate risk on its balance sheet based on the process of asset liability management. Our Company borrows funds at fixed and floating rates of interest, while it extends credit at fixed rates. Our Company's valuation capabilities enable us to invest in good quality assets with stable, attractive yields. Significantly, our loans are classified as priority sector assets by the RBI, such that these loans, when securitized, find a ready market with various financial institutions, including our lenders.

Liquidity Risk

Liquidity risk is the risk of our Company's potential inability to meet its liabilities at an appropriate cost, or of appropriate tenure, and business requirements as they become due. Our Company faces liquidity risks, which could require it to raise funds or liquidate assets on unfavorable terms. Our Company manages its liquidity risk through a mix of strategies, including through forward-looking resource mobilization based on projected disbursements and maturing obligations.

Our Company monitors liquidity risk through our Company's asset liability management ("ALM") function with the aid of liquidity gap reports. This involves the categorization of all assets and liabilities into different maturity profiles and evaluating these items for any mismatches in any particular maturities, especially in the short term. Our Company's ALM policy caps the maximum mismatches in the various maturities in line with RBI guidelines and ALCO guidelines. To address liquidity risk, our Company has developed expertise in mobilizing long-term and short-term funds at competitive interest rates based on the requirements of the situation. For instance, our Company structures its indebtedness to adequately cover the average three-year tenure of loans it extends. Our Company generally does not deploy funds raised from short-term borrowing for long-term lending.

Credit risk

Credit risk is the risk of loss that may occur from the default by our customers under the loan agreements with our Company. A borrower default and inadequate collateral may lead to higher NPAs.

We minimize credit risk by requiring that each loan must be guaranteed by another commercial vehicle operator in the same locality as the borrower, preferably by an existing or former borrower. In addition, our Company lends on a relationship-based model with customers. We also employ advanced credit assessment procedures, which include verifying the identity and checking references of the proposed customer thoroughly at the generation stage. We assign personal responsibility to each member of the lead generation team for timely recovery of the loans they originate, closely monitoring their performance against our standards and maintenance of client and vehicle-wise exposure limits.

Cash management risk

Our branches collect a substantial of our customers' payments in cash. A lack of proper cash management practices could lead to losses and, to address such cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. In addition, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. Customers are gradually migrating towards non-cash payment modes such as NACH and Digital. Customers can use "MyShriram" app on their smartphones or create a login under "Customer online" option on the Company website <https://www.shriramfinance.in> and make loan repayments. We are educating our customers for EMI payment through payment gateways and payments through debit cards by swiping them in our POS machines at the branches.

Internal Controls

Internal Audit

Internal Audit is an independent function involved in the critical appraisal of the functioning of the organization in order to strengthen the governance mechanism and internal control systems. Our audit function serves as an important tool for our management to evaluate the effectiveness of our internal control system/mechanism for mitigating risk under various parameters. The internal audit not only serves the purpose of identifying irregularities but it also enables the branch and support operations such as finance, accounts, HR, Admin, and legal compliances, functionaries and controllers to initiate suitable remedial actions for the correction of systemic deficiencies in order to manage and control risk.

Internal audit is conducted at all branches and functions of the Company in line with the Annual Audit Plan approved by the Audit Committee. Depending on the risk assessment rating of the branches and functions, internal audit frequency varies from one to four times a year.

OUR MANAGEMENT

Board of Directors

The Board of Directors of our Company (the “**Board**”) consists of professionals from varied disciplines. The day-to-day management of the affairs of our Company is entrusted with the senior management personnel, headed by the Vice Chairman and Managing Director, who functions under the overall supervision, direction and control of the Board. The Board meets regularly to discuss, review and decide upon matters such as formulation of policies, objectives, and appraisal of performances. Some of the powers of the Board are delegated to the Committees of our Company, which monitor the day-to-day affairs relating to operational matters.

In the fiscal year ended March 31, 2023, the Board has held meetings on April 28, 2022, June 23, 2022, July 28, 2022, October 20, 2022, November 16, 2022, December 4, 2022, December 12, 2022, December 24, 2022, January 31, 2023 and March 15, 2023. In the fiscal year ended March 31, 2024, the Board has held meetings on April 27, 2023, June 23, 2023, July 27, 2023, August 31, 2023, October 26, 2023, November 15, 2023, January 25, 2024 and, March 22, 2024. In the fiscal year ending March 31, 2025, the Board held meetings on April 26, 2024, May 13, 2024, June 01, 2024, July 26, 2024, July 30, 2024, October 25, 2024 and November 15, 2024. As of the date of this Offering Circular, none of the Directors of the Board is a member of more than 10 Board-level committees and no Director serves as a Chairman of more than five committees of the companies in which he is a Director. As of the date of this Offering Circular, the Company’s Board comprises of ten directors. The Chairman of the Board is an Independent Director. The Executive Vice Chairman, Managing Director & CEO and Joint Managing Director & CFO are Executives of the Company. As of the date of this Offering Circular, the Board consists of the following Directors:

<u>Name</u>	<u>Designation</u>
Mr. Jugal Kishore Mohapatra	Chairman, Independent Director
Mr. Umesh Govind Revankar	Executive Vice Chairman
Mr. Y. S. Chakravarti	Managing Director and CEO
Mr. Pradeep Kumar Panja	Independent Director
Mr. S. Ravindran	Independent Director
Mrs. M. V. Bhanumathi	Independent Director
Mr. Gokul Dixit	Independent Director
Mr. Ignatius Michael Vijloen	Non-Executive and Non-Independent Director
Mr. D.V. Ravi	Non-Executive and Non-Independent Director
Mr. Parag Sharma	Managing Director and CFO

Profile of Directors

Mr. Jugal Kishore Mohapatra

Mr. Jugal Kishore Mohapatra is the Chairman of the Company. He is a Post Graduate from Delhi School of Economics, joined Odisha Cadre of Indian Administrative Service (“**IAS**”) in 1979. He also holds a Masters’ Degree in Economics from Boston University, USA. He was secretary to the Chief Minister of Odisha, Principal Secretary Finance, and Chief Secretary in the Government of Odisha. He served as Secretary in the Department of Fertilisers and Rural Development in Government of India from 2014 to 2016. He served on the Board of NABARD Financial Services Limited as an Independent Director and also on the Board of NHPC Limited as an Independent Director. He is serving on the Board of Urban Mass Transit Company

Limited as an Independent Director, Foundation for development of Rural Value Chains as a Nominee Director and IIBX Limited as a public interest director.

Mr. Umesh Govind Revankar

Mr. Umesh Govind Revankar is the Executive Vice Chairman of the Company. He holds a Bachelor's degree in Business Management from Mangalore University and a Master of Business Administration in Finance from Mangalore University. He attended the Advanced Management Program at Harvard Business School in 2010. Mr. Revankar started his career with the Shriram group as an executive trainee in 1987. He has been associated with the Shriram group for about three decades and has extensive experience in the financial services industry. During his stint with the Shriram group, he has been shouldering various responsibilities and worked in several key roles of business operations.

Mr. Y. S. Chakravarti

Mr. Y. S. Chakravarti, is a Managing Director and CEO of the Company. He holds a Bachelor's degree in commerce. He was initially engaged with Shriram Chits Private Limited, Andhra Pradesh ("**Shriram Chits**") in June 1991 as an executive trainee, and over time was promoted to the position of Executive Director of Shriram Chits in March 2004. In 2008, he was promoted to Executive Director of SCUF, initially as Business Head for financing purchase of two-wheelers in the state of Andhra Pradesh, before assuming his role as the Managing Director and CEO of SCUF.

Mr. Pradeep Kumar Panja

Mr. Pradeep Kumar Panja is an Independent Director on the Board of the Company. Mr. Panja holds a Master's degree in Science (Statistics) from the University of Madras. He is a certified associate of the Indian Institute of Bankers. He is a career banker and retired as Managing Director (corporate banking) of SBI in October 2015. During his long association of 39 years with SBI, he gained a wealth of experience in various areas of banking, including corporate and international banking, treasury management, information technology, retail, transaction banking, strategic planning, business development and risk management.

Mr. Panja has an excellent track record of successfully leading large teams across various business verticals of SBI. He also successfully led the US operations of SBI as the country head-US. He held multiple assignments driving large projects in the information technology ("**IT**") wing of SBI. As Head of IT (chief information officer), he led SBI's IT strategy and set up India's largest data warehouse. He also led the analytics foray of SBI. During his association with SBI, he was a member of the important committees of directors and was the chairman of risk management committee. Currently, he is a member of the Boards of various companies engaged in businesses such as real estate, asset reconstruction, software business and cements.

Mr. S. Ravindran

Mr. S. Ravindran is an Independent Director on the Board of the Company. He holds a bachelor's degree in Commerce, and is also a Chartered Accountant and Cost Accountant. Mr. Ravindran has 29 years of work experience at the Securities and Exchange Board of India ("**SEBI**") and was Executive Director. From August 2011 to May 2022, he handled all major departments in SEBI, where he initiated and implemented various policy measures for development and regulation of securities markets. He was also an advisor to Central Bank of Bahrain on deputation from SEBI from January 2005 to January 2010. Mr. Ravindran has served in various capacities as Chief General Manager, General Manager and Deputy General Manager at SEBI from March 1993 to January 2005. He also functioned as SEBI Nominee on the Governing Boards of stock exchanges, and currently serves as Chairman of the Intermediaries Advisory Committee of SEBI.

Mr. Gokul Dixit

Mr. Gokul Dixit is a non-executive independent director on the Board of the Company. Mr. Gokul Dixit is a chartered accountant and holds a degree in Master of Business Administration from Ross School of Business, University of Michigan, Ann. Arbor. He has two decades of experience in the regions of North

America, European Union and India in accounting, financial and capital markets including audits securities issuances, merger and acquisitions, structured finance, private equity buyouts and venture capital investing. He recently served as special invitee on the accounting standards board and corporate laws and corporate governance committee of the Institute of Chartered Accountants of India, and was contributing respondent for the stakeholder engagement consultation paper published by the National Financial Reporting Authority. During his career, he worked with renowned organizations / firms of international repute. Recently, he has also been leading investments for Dallas Venture Capital, a technology SaaS focused venture capital fund.

Mrs. M.V. Bhanumathi

Mrs. M.V. Bhanumathi is a non-executive independent director on the Board of the Company. She holds a degree in B.Sc. and M.Sc. in Agriculture from University of Tamil Nadu and degree in Bachelor of Law from University of Delhi. She has retired as the Director General of Income Tax — Investigation, Mumbai region, Income Tax Department in May 2022. She joined Indian Revenue Service in the year of 1987 and has 36 years' of experience in public service. She held important positions in Government of India and represented India in many international bodies. She is currently serving as an independent director on the board of UPL Sustainable Agri Solutions Limited, Adani Ports and Special Economic Zone Limited and trustee in Pratham Mumbai, an educational initiative.

Mr. Ignatius Michael Viljoen

Mr. Ignatius Michael Viljoen is a Non-Executive, Non-Independent Director on the Board of the Company. He holds a Master's degree of Economics in Money and Banking with distinction from the University of the Orange Free State, South Africa. He is the Head of Credit-Sanlam Pan Africa Portfolio Management, South Africa and is responsible for a range of credit risk and credit portfolio management aspects across the various entities owned by the Sanlam Group outside of the Republic of South Africa.

Mr. D.V. Ravi

Mr. D.V. Ravi is a Non-Executive, Non-Independent Director on the Board of the Company. He is a Commerce graduate from the University of Bangalore and holds a Post-graduate Degree in Management from the Institute of Rural Management, Anand. He currently serves as the Vice Chairman and Managing Director of Shriram Capital Private Limited. He also serves on the boards of various companies under the Shriram group. He is also the non-executive director and co-founder of TAKE Solutions Ltd. ("TAKE"), a global technology solutions and service provider. Mr. Ravi has also spearheaded several successful mergers and acquisitions for TAKE. He joined the commercial vehicle finance business of Shriram group in 1992 as the head of investment servicing. He started his career in strategy and finance in 1987 with Karnataka Oil Seeds Federation, Bangalore. Over time, his portfolio has grown to include key areas of corporate strategy and services, corporate finance, IT and process activities of the Shriram group.

Mr. Parag Sharma

Mr. Parag Sharma is designated as Managing Director and CFO of the Company. He is a commerce graduate from Delhi University as well as a graduate from the Institute of Cost and Works Accountants of India and has been working in the Shriram group for about three decades in the senior management positions. He introduced innovative techniques and methods of raising funds through domestic as well as international sources. He specializes in handling matters related to Finance & Accounts, MIS, Resource Mobilisation, Treasury Management, Planning and Budgeting, Corporate Strategy and relationships with Rating agencies, Banks, Investors, Regulators.

Committees

Our Company has been complying with the requirements of the applicable regulations, including the Companies Act, 2013, as amended, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), the RBI SBR Directions and the applicable requirements prescribed by SEBI and the RBI in respect of corporate governance, including constitution of the board and

committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board is constituted in compliance with the Companies Act, 2013, the SEBI Listing Regulations, the RBI SBR Directions and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Our Company has established nine committees of Directors: (1) Audit Committee, (2) Nomination and Remuneration Committee, (3) Stakeholders' Relationship Committee, (4) Corporate Social Responsibility Committee, (5) Risk Management Committee, (6) Asset Liability Management Committee, (7) Banking and Finance Committee, (8) IT Strategy Committee and (9) Environmental, Social and Governance Committee (ESG Committee).

Apart from the Committees mentioned above, the Board has constituted the Investment Review Committee, Allotment Committee (NCDs), ESOP Allotment Committee, Securities Transfer Committee and Special Committee of the Board for monitoring and follow-up cases of frauds.

Audit Committee

The Audit Committee of our Company was constituted in line with the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Companies Act, 2013.

The Audit Committee is entrusted with, *inter alia*, the following roles and responsibilities:

- Overseeing the financial reporting process;
- To ensure proper disclosure in the quarterly, half yearly and annual financial statements;
- To recommend appointment, re-appointment of auditors and the fixing of their remuneration. Approval of payment to statutory auditors for any other services rendered by them;
- Reviewing, with management, the financial statements before submission to the Board;
- Reviewing, with management, performance of statutory and internal auditors and, adequacies of the internal control systems;
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Approving or making any subsequent modification of transactions of the Company with related parties and granting omnibus approval to related party transactions which are in the ordinary course of business and on an arm's length basis and to review and approve such transactions;
- Reviewing inter-corporate loans and investments; and
- Reviewing the functioning of the whistle blower mechanism.

As of the date of this Offering Circular, the Audit Committee has four members:

- Mr. Pradeep Kumar Panja, Chairman;
- Mr. S. Ravindran, Member;
- Mrs. M. V. Bhanumathi, Member; and
- Mr. Gokul Dixit, Member.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, if the company's policy on the specific remuneration package for the Vice Chairman and Managing Director, including any compensation payments and any other benefits.

As of the date of this Offering Circular, the Nomination and Remuneration Committee has four members:

- Mr. S. Ravindran, Chairman;
- Mr. Jugal Kishore Mohapatra, Member;
- Mrs. M.V. Bhanumathi, Member; and
- Mr. D. V. Ravi, Member.

Stakeholders' Relationship Committee

The Stakeholders Relationship Committee is responsible for assisting the Board in its overall responsibilities for attending to and redressal of the grievances of the security holders and investors of our Company. The committee has, *inter alia*, the following roles and responsibilities:

- Listing of securities on stock exchanges;
- Reviewing security holders' complaints on matters relating to transfer of securities, non-receipt of annual report non-receipt of dividends/interest and other matters related thereto and resolution of grievances of security holders of the Company;
- Reviewing ways to facilitate better investor services and relations; and
- Attending to the complaints of security holders forwarded by SEBI (SCORES), stock exchanges, RBI and other regulatory authorities.

As of the date of this Offering Circular, the Stakeholders Relationship Committee has five members:

- Mr. Jugal Kishore Mohapatra, Chairman;
- Mr. Pradeep Kumar Panja, Member;
- Mr. S. Ravindran, Member;
- Mr. Umesh Revankar, Member; and
- Mr. Y. S. Chakravarti, Member.

Corporate Social Responsibility ("CSR") Committee

The committee has, *inter alia*, the following roles and responsibilities:

- Formulating and recommending to the Board of Directors the corporate social responsibility policy and monitoring the same from time to time;
- Reviewing and evaluating the sustainability agenda, suggesting modifications and discussing and recommending an action plan to take the CSR activities forward;
- Reviewing the Company's business responsibility policy from time to time; and
- Monitoring the amount spent on CSR projects, programs and activities as per the Company's CSR policy.

As of the date of this Offering Circular, the CSR Committee has three members:

- Mr. Umesh Revankar, Chairman;

- Mr. Pradeep Kumar Panja, Member; and
- Mr. Y. S. Chakravarti, Member.

Risk Management Committee

The committee has the responsibility of reviewing the risk management policy, approving, implementing and monitoring the risk management plan and such other matters as may be delegated by the Board from time to time.

As of the date of this Offering Circular, the Risk Management Committee has five members:

- Mr. Umesh Revankar, Chairman;
- Mr. Gokul Dixit, Member;
- Mr. Y. S. Chakravarti, Member;
- Mr. S. Sunder, Member; and
- Mr. Hardeep Singh, Chief Risk Officer.

Asset Liability Management Committee

The committee is responsible for assisting the Board in balance sheet planning from risk-return perspective including the strategic management of interest and liquidity risk. The committee in particular has the responsibilities of liquidity risk management, management of market risks, funding and capital planning, profit planning and growth projection and forecasting and analyzing future business environment and preparation of contingency plans.

As of the date of this Offering Circular, the Asset Liability Management Committee has five members:

- Mr. Y. S. Chakravarti, Chairman;
- Mr. Umesh Revankar, Member;
- Mr. Pradeep Kumar Panja, Member;
- Mr. Parag Sharma, Member; and
- Mr. Hardeep Singh, Chief Risk Officer.

Banking and Finance Committee

The Banking and Finance Committee has been formed to monitor resources mobilization and to ensure efficient and timely decisions on the matters relating to banking and finance activities of our Company. The committee meets regularly to discharge its functions.

As of the date of this Offering Circular, the Banking and Finance Committee has four members:

- Mr. Y. S. Chakravarti, Chairman;
- Mr. Umesh Revankar, Member;
- Mr. S. Sunder, Member; and
- Mr. Parag Sharma, Member.

IT Strategy Committee

The Board of Directors in its meeting held on July 31, 2017 constituted IT Strategy Committee and delegated the following roles and responsibilities:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls; and
- Any other role and responsibility as per the directions of RBI issued from time to time.

As of the date of this Offering Circular, IT Strategy Committee has six members:

- Mr. Gokul Dixit, Chairman;
- Mr. Umesh Revankar, Member;
- Mr. Y. S. Chakravarti, Member;
- Mr. Gayadhar Behera, CTO;
- Mr. Prashant Deshpande, CISO; and
- Mr. S. Varadachary, CIO.

ESG Committee

The ESG Committee was constituted by the Board of Directors of the Company in its meeting held on March 25, 2021. The terms and reference of the ESG Committee are as follows:

- Recommending the Company's overall general strategy with respect to ESG Matters to the Board;
- Overseeing the Company's policies, practices and performance with respect to ESG matters and the Social Finance Framework;
- Overseeing the Company's reporting standards in relation to ESG matters and the Social Finance Framework; and
- Approving the draft ESG Report.
- Delegating authority to the Managing Director and or Chief Financial Officer or other authorized officers to do any acts, deeds, matters and things as may be necessary.

As of the date of this Offering Circular, the ESG Committee has seven members:

- Mr. Jugal Kishore Mohapatra, Chairman;
- Mrs. M. V. Bhanumathi, Member;
- Mr. S. Ravindran, Member;
- Mr. Umesh Revankar, Member;
- Mr. Y. S. Chakravarti, Member;
- Mr. Parag Sharma, Member; and
- Mr. S. Sunder, Member.

INDUSTRY OVERVIEW

Industry and market share data in this section has been derived from data prepared from the websites of the Government and the industry report prepared by ICRA Limited. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness is not guaranteed, and their reliability cannot be assured. Although we believe that the industry data used in this Offering Circular is reliable and take responsibility for the accurate extraction of such data from publicly available sources, it has not been independently verified by us, the Arrangers, the Dealers, the Trustee or the Agents. The information may not be consistent with other information compiled within or outside India. Our Company does not have any actual knowledge of any material misstatement contained in this section.

A part of the information contained in this section is extracted from the Report of ICRA. All information contained in the Report of ICRA has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided “as is” without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained therein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

Global Economy

Based on the Monetary Policy Statement of 2024-25 - Resolution of the Monetary Policy Committee (“MPC”) December 2024 released by the Reserve Bank of India (“RBI”), global economy remains stable with growth holding up amidst waning inflation, albeit at a slow pace. Geopolitical risks and policy uncertainty, especially with respect to trade policies, have imparted heightened volatility to global financial markets.

Indian Economy

On the domestic front, real gross domestic product (“GDP”) registered a lower than expected growth 5.4% in Q2:2024-25, as private consumption and investment decelerated even while government spending recovered from a contraction in the previous quarter. On the supply side, the growth in gross value added (“GVA”) during Q2 was aided by resilient services and improving agriculture sector, but weakness in industrial activity – manufacturing, electricity and mining – tempered overall growth. Looking ahead, robust kharif foodgrain production and good rabi prospects, coupled with an expected pickup in industrial activity and sustained buoyancy in services augur well for private consumption. Investment activity is expected to pick up. Resilient world trade prospects should provide support to external demand and exports.. Headwinds from the geo-political uncertainties, volatility in international commodity prices and geo-economic fragmentation continue to pose risks to the outlook. Taking all these factors into consideration, real GDP growth for 2024-25 is projected at 6.6% with Q3 at 6.8%; and Q4 at 7.2%. Real GDP growth for Q1:2025-26 is projected at 6.9%; and Q2 at 7.3%. The risks are evenly balanced. CPI headline inflation surged above the upper tolerance level to 6.2% in October from 5.5% in September and sub-4.0% prints in July-August, propelled by a sharp pick-up in food inflation and an uptick in core (CPI excluding food and fuel) inflation. Going forward, food inflation is likely to soften in Q4 with seasonal easing of vegetables prices and kharif harvest arrivals; and good soil moisture conditions along with comfortable reservoir levels auguring well for rabi production. Adverse weather events and rise in international agricultural commodity prices, however, pose upside risks to food inflation. Even though energy prices have softened in the recent past, its sustenance needs to be monitored. Businesses expect pressures from input costs to remain elevated and growth in selling prices to accelerate from Q4. Taking into account these factors, CPI inflation is projected at 4.8% for 2024-25, with Q3 at 5.7%; and Q4 at 4.5%. CPI inflation for Q1:2025-26 is projected at 4.6%; and Q2 at 4.0%. The risks are evenly balanced.

The MPC noted that the near-term inflation and growth outcomes in India have turned somewhat adverse since the October policy. Going forward, however, economic activity is set to improve along with rising business and consumer sentiments, as reflected in the Reserve Bank's surveys. The recent spike in inflation highlights the continuing risks of multiple and overlapping shocks to the inflation outlook and expectations. Heightened geo-political uncertainties and financial market volatility add further upside risks to inflation. High inflation reduces the purchasing power of both rural and urban consumers and may adversely impact private consumption. The MPC emphasises that strong foundations for high growth can be secured only with durable price stability. The MPC remains committed to restoring the balance between inflation and growth in the overall interest of the economy. Accordingly, the MPC decided to keep the policy repo rate unchanged at 6.50% in this meeting. The MPC also decided to continue with the neutral stance of monetary policy as it provides flexibility to monitor the progress and outlook on disinflation and growth and to act appropriately. The MPC remains unambiguously focused on a durable alignment of inflation with the target, while supporting growth. (Source: Monetary Policy Statement, 2024-25 - Resolution of the Monetary Policy Committee December 2024)

Quarterly Estimates of GVA at Basic Prices for Q2 (July-September) 2024-25 (at 2011-12 Prices) for the various economic segments are as follows:

Sector	GVA at Basic Price (₹ Crore)									
	2022-23		2023-24		2024-25		Percentage Change Over Previous Year			
							2023-24		2024-25	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
1. Primary Sector	5,82,779	4,95,503	6,07,200	5,09,923	6,23,784	5,25,140	4.2	2.9	2.7	3.0
1.1 Agriculture, Livestock, Forestry & Fishing	5,02,859	4,33,439	5,21,648	4,40,989	5,32,092	4,56,279	3.7	1.7	2.0	3.5
1.2 Mining & Quarrying	79,920	62,064	85,551	68,934	91,691	68,861	7.0	11.1	7.2	-0.1
2. Secondary Sector	10,08,980	9,71,473	10,68,496	11,04,936	11,58,524	11,47,523	5.9	13.7	8.4	3.9
2.1. Manufacturing	6,09,518	6,01,225	6,39,709	6,87,183	6,84,792	7,01,961	5.0	14.3	7.0	2.2
2.2. Electricity, Gas, Water Supply & Other Utility Services	91,145	88,379	94,034	97,686	1,03,805	1,00,922	3.2	10.5	10.4	3.3
2.3. Construction	3,08,318	2,81,869	3,34,754	3,20,067	3,69,927	3,44,640	8.6	13.6	10.5	7.7
3. Tertiary Sector	19,29,266	21,01,129	21,36,301	22,27,615	22,90,427	23,85,035	10.7	6.0	7.2	7.1
3.1 Trade, Hotels, Transport, Communication & Services related to Broadcasting	5,88,075	6,77,141	6,45,039	7,07,675	6,81,942	7,50,198	9.7	4.5	5.7	6.0
3.2 Financial, Real Estate & Professional Services	9,03,194	9,52,433	10,17,115	10,11,847	10,89,219	10,80,051	12.6	6.2	7.1	6.7
3.3 Public Administration, Defence & Other Services*	4,37,997	4,71,555	4,74,148	5,08,093	5,19,267	5,54,786	8.3	7.7	9.5	9.2
GVA at Basic Prices	35,21,025	35,68,105	38,11,997	38,42,473	40,72,734	40,57,697	8.3	7.7	6.8	5.6
Net Taxes	2,58,929	3,04,753	2,79,486	3,43,306	2,90,998	3,52,626	7.9	12.7	4.1	2.7
GDP[@]	37,79,954	38,72,858	40,91,484	41,85,779	43,63,732	44,10,323	8.2	8.1	6.7	5.4

* Public Administration, Defence & Other Services category includes the Other Services sector i.e. Education, Health, Recreation, and other personal services

@GDP (Production/Income Approach) = GVA at Basic Price + Net Taxes on Products

(Source: Ministry of Statistics and Programme Implementation, Government of India)

The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 1.89% (Provisional) for the month of November, 2024 (over November, 2023). Inflation in November, 2024 is primarily due to increase in prices of food articles, food products, other manufacturing, textile machinery & equipment, etc. (Source: Index Numbers of Wholesale Price in India (Base: 2011-12=100), Review for the month of November 2024 - Ministry of Commerce & Industry)

Median Forecast of Growth in GDP, GVA, and components

	2024-25	2025-26
	(%)	
Real GDP Growth	6.8	6.6
	(-0.1)	(-0.1)
Real Private Final Consumption Expenditure growth rate	6.2	6.5
(growth rate in per cent)	(-0.3)	(0.0)

Real Gross Fixed Capital Formation growth rate	7.9	7.5
(per cent of GDP)	(0.0)	(-0.5)
Real GVA Growth	6.7	6.4
	(-0.1)	(-0.1)
a. Agriculture and allied activities (including dairy, fishery, piggery, poultry, bee-keeping)	3.7	3.4
	(-0.2)	(-0.1)
b. Industry	6.8	6.8
	(-0.2)	(0.0)
c. Services	7.5	7.1
	(0.0)	(0.0)
Gross Saving Rate	30.0	30.3
	(0.0)	(0.0)

Note: the figures in parentheses indicate the extent of revision in median forecasts (percentage points) relative to the previous Survey of Professional Forecasters (“SPF”).

Median Forecast of Quarterly Inflation

	Q3:2024-25	Q4: 2024-25	Q1:2025-26	Q2:2025-26
	($\%$)			
CPI Combined (General)	5.5	4.6	4.6	4.2
	(+0.9)	(+0.2)	(+0.1)	(0.0)
CPI excluding food & beverages, pan, tobacco & intoxicants and fuel & light	3.8	4.2	4.2	4.3
	(-0.1)	(-0.1)	(0.0)	(0.0)
WPI All Commodities	2.6	3.3	3.0	3.3
	(+0.3)	(0.0)	(+0.4)	(+0.2)
WPI Non-food Manufactured Products	0.7	2.0	1.8	2.2
	(-0.7)	(-0.5)	(-0.7)	(-0.3)

Note: the figures in parentheses indicate the extent of revision in median forecasts (percentage points) relative to the previous SPF round.

Results of the SPF on Macroeconomic Indicators – Round 91 extracted from the RBI’s website demonstrates that real GDP growth projected for fiscal year 2024-25 has been revised down by 10 basis points (bps) to 6.8%; it is expected to grow by 6.6% in fiscal year 2025-26.

The agriculture and allied activities (including dairy, fishery, piggery, poultry, bee-keeping) sector is expected to grow by 3.7% in fiscal year 2024-25 and by 3.4% in fiscal year 2025-26. The industrial sector is expected to expand by 6.8% in fiscal year 2024-25 and is further expected to grow by 6.8% in fiscal year 2025-26. The services sector is expected to grow by 7.5% in fiscal year 2024-25 and is further expected to grow by 7.1% in fiscal year 2025-26. Headline CPI inflation was expected at 5.5% in the third quarter of fiscal year 2024-25 and was projected to decrease over the subsequent three quarters to remain between 4.2%-4.6%.

(Source: Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 91, Reserve Bank of India)

Overview of the Indian Financial Sector

The RBI is the central regulatory and supervisory authority for Indian banks and non-banking finance companies. A variety of financial intermediaries in the public and private sectors participate in India’s financial sector, including the following:

- commercial banks;
- small banks and payment banks;
- long-term lending institutions;
- non-banking financial companies, including housing finance companies;
- other specialized financial institutions and state-level financial institutions;
- insurance companies; and
- mutual funds.

The RBI, established on April 1, 1935, in accordance with the provisions of the Reserve Bank of India Act, 1934 as the main regulator of credit, is the apex institution in the financial system, which also serves as a bank for the Government and for India's commercial banks. Though originally privately owned, the RBI has been fully owned by the Government of India since nationalization in 1949. The RBI manages the country's money supply and foreign exchange. In addition to these traditional central banking roles, the RBI undertakes certain developmental and promotional roles.

The RBI issues guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-banking financial companies. The RBI requires these institutions to furnish information relating to their businesses to it on a regular basis.

Until the early 1990s, the Indian financial system was strictly controlled. Interest rates were administered, formal and informal parameters governed asset allocation, and strict controls limited entry into and expansion within the Indian financial sector.

Non-Banking Financial Companies (“NBFCs”)

As on June 30, 2024, a total of 9,306 NBFCs were registered with the RBI, of which 9 were in the upper layer, 440 were in middle layer and 8857 were in base layer.

NBFCs may be broadly categorized in the following ways: (a) in four layers on the basis of their size, activity and perceived riskiness: (i) NBFCs-Base Layer, (ii) NBFCs middle layer (NBFCs-ML), (iii) NBFCs-Upper Layer (NBFCs-UL) and (iv) NBFCs-Top Layer (NBFCs-TL); and (b) by the kind of activity they conduct.

Within the broad categorizations, different types of NBFCs include:

- investment and credit companies;
- infrastructure finance companies;
- systemically important core investment companies;
- infrastructure debt funds;
- housing finance companies;
- companies involved in factoring business;
- micro finance institutions;
- mortgage guarantee companies;
- peer to peer lending companies;
- account aggregator companies; and
- non-operative financial holding companies.

The companies which take public deposits are subject to strict supervision and capital adequacy requirements of the RBI.

The primary activities of NBFCs are providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting.

In its 2008 annual policy statement, the RBI proposed that non-deposit taking NBFCs with an asset size of INR 1.0 billion and above would have to maintain a capital-to-risk weighted assets ratio of 12.0% instead of the then minimum of 10.0%. The capital adequacy ratio was proposed to be increased to 15.0% from April 2009. In its 2009 annual policy statement, the RBI deferred the implementation of the capital to risk weighted assets ratio of 12.0% requirement to March 31, 2010, and of 15.0% to March 31, 2011. In February 2011, the RBI issued guidelines mandating deposit taking NBFCs to maintain capital to risk weighted assets ratio of 15.0% as against the minimum of 12.0%.

With the purpose of enhancing the flow of funds to infrastructure projects, the RBI issued guidelines in November 2011 for the establishment of infrastructure debt funds. An infrastructure debt fund may be set up either as a trust or as a company. A trust-based infrastructure debt fund would be a mutual fund which would be regulated by SEBI while a company-based infrastructure debt fund would be a NBFC which would be regulated by the RBI. All NBFCs, including infrastructure finance companies may sponsor infrastructure debt funds set up as mutual funds. Since April 2016, infrastructure debt funds have been allowed to raise funds through shorter tenor bonds and commercial papers from the domestic market to the extent of up to 10.0% of their total outstanding borrowings.

During fiscal year 2006, the RBI issued guidelines on the financial regulation of systemically important NBFCs and their relationship with banks in an effort to remove the possibility of regulatory arbitrage leading to an uneven playing field and potential systemic risk. Within non-deposit taking NBFCs, the guidelines classified those with an asset size above INR 1.0 billion as per the last audited balance sheet as systemically important. These NBFCs were required to maintain a minimum capital to risk weighted assets ratio of 10.0%, in addition to conforming to single and group exposure norms. In August 2008, the RBI issued guidelines as regards capital adequacy, liquidity and disclosure norms applicable to non-deposit taking NBFCs. In August 2011, the RBI released a working group report on issues and concerns in the NBFCs sector. In December 2012, the RBI issued draft guidelines on the regulatory framework for non-banking financial companies based on the recommendations of the Working Group. On November 10, 2014, the RBI revised the regulatory framework for NBFCs. In March 2014, the RBI extended the applicability of the framework for revitalizing Distressed Assets in the Economy issued on January 30, 2014, to NBFCs. The RBI modified the framework for revitalizing Distressed Assets in the Economy issued on January 30, 2014, vide circulars dated October 21, 2014, December 22, 2014, and June 8, 2015, and the said modifications were *mutatis mutandis* made applicable to NBFCs in July 2015. In terms of the project loans refinancing guidelines dated June 2, 2016, the RBI allowed NBFCs to refinance any existing infrastructure and other project loans by way of take-out financing, without the need for a pre-determined agreement with other lenders and allowed NBFCs to fix a longer repayment period. In 2016, the RBI issued the Master Directions on Non-Banking Financial Company for Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The directions classify those with total assets of INR 500 crore and above (in accordance with the last audited balance sheet) as systemically important. In 2023, these aforementioned directions were repealed and replaced by RBI SBR Directions whereby NBFCs are classified into four layers based on their size, activity, and perceived riskiness. Our Company is amongst the top ten eligible NBFCs in terms of their asset size, such that it is classified as NBFC-UL. Every such non-banking financial company needs to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15.0% (with a minimum Common Equity Tier 1 Capital of 9.0% of risk weighted assets, as applicable to NBFC-ULs) of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The RBI introduced the Prudential Framework for Resolution of Stressed Assets vide its circular dated June 7, 2019, which repealed and replaced the framework for revitalizing Distressed Assets in the Economy referred to above and has recently introduced the Master Circular No. STR.REC.55/21.04.048/2021-22 dated October 1,

2021 consolidating instructions / guidelines issued to banks on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

On April 19, 2022, RBI issued the large exposure framework for NBFCs – Upper layer (UL) wherein the sum of all the exposure values of an NBFC-UL to a single counterparty must not be higher than 20 percent of the NBFC-UL's available eligible capital base at all times. Similarly, the sum of all exposure values of an NBFC-UL to a group of connected counterparties shall not be higher than 25 percent of the NBFC-UL's available eligible capital base at all times. These guidelines were applicable from October 1, 2022.

On June 6, 2022, RBI issued guidelines for Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer. According to the guidelines, these NBFCs will need to make provision of 2% on standard assets for housing loans disbursed at teaser rates. The new norms on standard asset provisioning will come into effect from October 1. Previously, systemically important NBFCs make standard asset provision at a flat rate of 0.4%.

The RBI has flagged the high growth in certain components of consumer credit and advising banks and non-banking financial companies (NBFCs) to strengthen their internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards, in their own interest. The high growth seen in consumer credit and increasing dependency of NBFCs on bank borrowings were also highlighted by RBI Governor in the interactions with MD/CEOs of major banks and large NBFCs in July and August 2023, respectively.

Subsequently, on November 16, 2023, RBI implemented certain regulatory measures towards consumer credit and bank credit to NBFCs wherein (1) the Risk weights on consumer credit for both Banks and NBFCs was raised by 25 percentage points to 125%; and (2) RWAs on all Bank Loans to NBFCs (except for priority sector) were also increased from 100% to 125% as well.

For further information, please refer to “*Regulation and Policies.*”

Recent Structural Reforms - Reforms of NBFCs

Standards relating to income recognition, provisioning and capital adequacy were prescribed for NBFCs in June 1994 and have evolved over time. Registered NBFCs were required to achieve a minimum capital adequacy of 6.0% by the end of fiscal year 1995 and 8.0% by year-end fiscal year 1996 and to obtain a minimum credit rating. To encourage companies' compliance with the regulatory framework, the RBI announced in July 1996 certain liberalization measures under which registered NBFCs complying with the prudential norms and credit rating requirements were granted freedom from the ceiling on interest rates on deposits and amount of deposits. Other measures introduced include requiring NBFCs to maintain a certain percentage of liquid assets and to create a reserve fund. The percentage of liquid assets to be maintained by non-bank finance companies has been revised uniformly upwards and, since April 1999, 15.0% of public deposits must be maintained. From January 1, 2000, the requirement was that liquid assets should not be less than 10.0% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank, the aggregate of which shall not be less than 15.0% of the “public deposit” outstanding at the close of business on the last working day of the second preceding quarter. The maximum rate of interest that NBFCs could pay on their public deposits was reduced from 12.5% per annum to 11.0% per annum, effective March 4, 2003. Subsequently, the maximum interest rate payable on public deposits by NBFCs has been revised to 12.5% per annum from April 24, 2007.

In addition, NBFCs are not entitled to accept public deposits. Only NBFCs specifically authorized by the RBI and have an investment grade rating are allowed to accept or hold public deposits to a limit of 1.5 times of its net owned funds. All existing unrated asset finance companies were allowed to accept deposits on the condition that they obtain an investment grade rating by March 31, 2016.

In order to enhance the quality of regulatory capital, NBFCs-UL are required to maintain common equity tier (CET)-1 capital of at least 9 per cent of risk weighted assets. On April 19, 2022, the Reserve Bank issued guidelines providing detailed instructions on components as well as regulatory adjustments and deductions

from CET-1 capital, applicable to all NBFCs identified as NBFC-UL, except Core Investment Companies (CICs).

In recent years, NBFC sector has grown in size, complexity and interconnectedness, making some of the entities systemically significant. This necessitated adoption of a scale-based regulatory (SBR) approach, effective October 1, 2022. The framework divides NBFCs into a base layer (NBFC-BL), middle layer (NBFCML), upper layer (NBFC-UL) and top layer, with a progressive increase in the intensity of regulation. Glide paths were provided to ensure that the implementation of SBR is smooth and gradual. In particular, the glide paths for NPA classification norms and minimum net owned funds requirement norms extend up to March 31, 2026 and March 31, 2027, respectively.

For further information, please refer to “*“RBI, Report on Trend and Progress of Banking in India 2021-22; RBI Regulation and Policies in India.”*”

Credit Policy Measures

In line with the recommendation of the “Report of the Expert Committee to Revise and Strengthen the Monetary Policy Framework” 2014, the RBI has decided to review the country’s monetary policy on a bi-monthly basis. The highlights on latest bi-monthly monetary policy statements are as mentioned below:

Bi-monthly Monetary Policy Statement, 2024-25 (December 4 –6, 2024)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under the liquidity adjustment facility (“LAF”) unchanged at 6.50%.

Consequently, the standing depositing facility (“SDF”) rate remains unchanged at 6.25% and the marginal standing facility (“MSF”) rate and the bank rate at 6.75%.

The MPC also decided to continue with the neutral monetary policy stance and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth. These decisions were taken in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

Bi-monthly Monetary Policy Statement, 2024-25 (October 7-9, 2024)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to the policy repo rate under the liquidity adjustment facility (“LAF”) to remain unchanged at 6.50%

Consequently, the standing deposit facility (“SDF”) rate stands unchanged at 6.25% and the marginal standing facility (“MSF”) rate and the Bank Rate at 6.75%.

The MPC also decided to change the monetary policy stance to ‘neutral’ and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth.

These decisions of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth

Bi-monthly Monetary Policy Statement, 2024-25 (August 6-8, 2024)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to the policy repo rate under the liquidity adjustment facility (“LAF”) to remain unchanged at 6.50%

Consequently, the standing deposit facility (“SDF”) rate stands unchanged at 6.25% and the marginal standing facility (“MSF”) rate and the Bank Rate at 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. These decisions of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth

Bi-monthly Monetary Policy Statement, 2024-25 (June 5-7, 2024)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to the policy repo rate under the liquidity adjustment facility (“LAF”) to remain unchanged at 6.50%

Consequently, the standing deposit facility (“SDF”) rate stands unchanged at 6.25% and the marginal standing facility (“MSF”) rate and the Bank Rate at 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. These decisions of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2024-25 (April 3-5, 2024)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to the policy repo rate under the liquidity adjustment facility (“LAF”) to remain unchanged at 6.50%.

Consequently, the standing deposit facility (“SDF”) rate stands unchanged at 6.25% and the marginal standing facility (“MSF”) rate and the Bank Rate at 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. These decisions of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2023-24 (February 6-8, 2024)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to increase the policy repo rate under the liquidity adjustment facility (“LAF”) to 6.50%

Consequently, the standing deposit facility (“SDF”) rate stands adjusted to 6.25% and the marginal standing facility (“MSF”) rate and the Bank Rate to 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. These decisions of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2023-24 (December 6-8, 2023)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under the liquidity adjustment facility (“LAF”) to 6.5%

Consequently, the standing deposit facility (“SDF”) rate remains unchanged to 6.25% and the marginal standing facility (“MSF”) rate and the Bank Rate to 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. These decision of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2023-24 (October 4-6, 2023)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under LAF to 6.5%.

Consequently, SDF rate remains unchanged to 6.25% and (MSF rate and the Bank Rate to 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. The decision of the RBI is consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2023-24 (August 8-10, 2023)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under LAF to 6.5%.

Consequently, SDF rate remains unchanged to 6.25% and the MSF rate and the Bank Rate to 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth. These decisions of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2023-24 (June 6-8, 2023)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under the LAF to 6.5%.

Consequently, SDF rate remains unchanged to 6.25% and MSF rate and the Bank Rate to 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth. These decision of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Bi-monthly Monetary Policy Statement, 2023-24 (April 3, 5 and 6, 2023)

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under LAF to 6.5%.

Consequently, SDF rate remains unchanged to 6.25% and the MSF rate and the Bank Rate to 6.75%.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth. These decision of the RBI are consistent with the objective of achieving the medium-term target for CPI inflation of 4.0% within a band of +/- 2.0%, while supporting growth.

Indian Non-Banking Finance Companies – Industry Overview

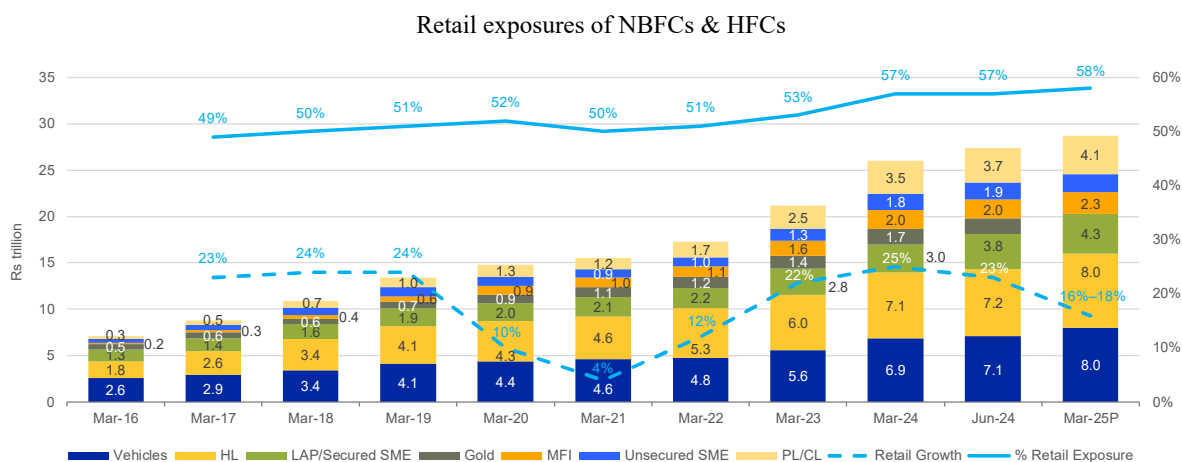
(Note: The Industry analysis / data cuts are only with respect to Domestic Retail NBFCs)

Retail Credit Trends

The NBFC+HFC retail exposure expanded by about 23% in Q1 FY2025 to about Rs. 27.4 trillion, pushing up its share to ~57% by June 2024. The growth in NBFC Infra and other wholesale exposures has been at a moderate pace over the last few years, resulting in a decline in their share in the overall pie. This trend is expected to continue in the near term, notwithstanding the significant slowdown in growth momentum expected in FY2025. Further, over the medium term as well, ICRA believes the overall trend of retailisation would continue; though the pace of retailisation of exposures is likely to be uneven, as NBFC+HFC retail growth slows down ICRA expects a sharp slowdown in growth of unsecured segments such as microfinance, unsecured / quasi-secured SME and personal / consumption loans in FY2025. The microfinance and unsecured/quasi-secured SME segments are facing asset quality stress currently and consequently are expected to tighten their underwriting / disbursements in the near term. Further, personal / consumption loans in the near term as the various recent regulatory scrutiny and measures would impact the capital and funding availability for entities in this segment. This would put a downward pressure on growth in the unsecured segment; however, given that the growth in secured segments would also moderate, the overall share of unsecured segments would remain stable in the near term. The domestic commercial vehicle (CV) industry reported a 4% YoY decline in sales volumes in H1 FY2025 on high base, and on the back of slower infrastructure and construction activities due to the General Elections. The construction vehicles industry also witnessed a deceleration in sales in Q2 FY2025 (-6 to -9% YoY decline) after recording healthy sales in Q1 FY2025 supported by activity in mining and real estate segments. Volumes are likely to pick up in H2 FY2025 on pickup in Government orders, which would support improvement in infrastructure activity.

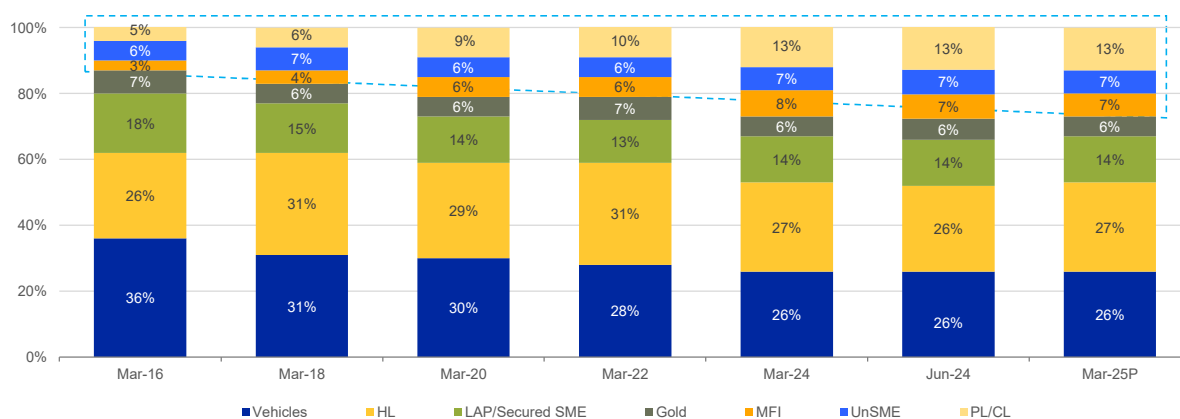
ICRA expects the CV industry to register a marginal YoY increase of 0-3% in volumes in FY2025, sustaining at the levels witnessed in FY2024, following the substantial growth momentum in FY2022 and FY2023. CE volumes are projected to decline by 5-7% YoY in FY2025. The emission norm transition expected in January 2025 could also support pre-buying in Q3 FY2025.

Retail-NBFC assets under management year on year growth trends and outlook



Source: ICRA Research; Non-Banking Financial Companies; October 2024; P – Projected

Asset class-wise year on year growth trends



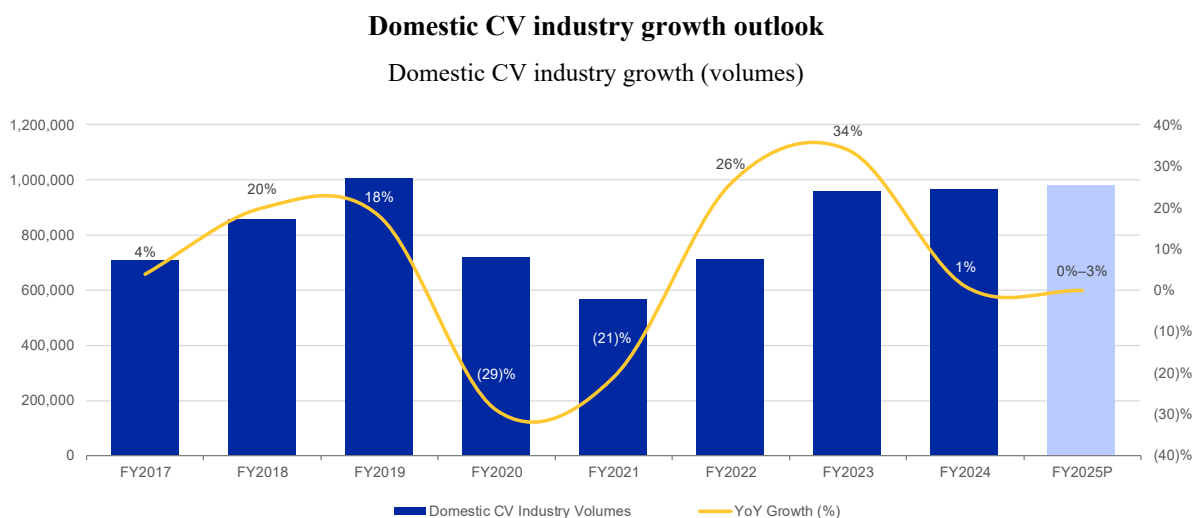
Source: ICRA Research; UnSME – Unsecured / Quasi-secured SME

Commercial Vehicle Finance

The domestic commercial vehicle (CV) industry reported a 4% YoY decline in sales volumes in H1 FY2025 on high base, and on the back of slower infrastructure and construction activities due to the General Elections. The construction vehicles industry also witnessed a deceleration in sales in Q2 FY2025 (-6 to -9% YoY decline) after recording healthy sales in Q1 FY2025 supported by activity in mining and real estate segments. Volumes are likely to pick up in H2 FY2025 on pickup in Government orders, which would support improvement in infrastructure activity.

In terms of sub-segments, the M&HCV segment recorded a marginal decline of 2% YoY in H1 FY2025. The LCV segment, however, was weaker given the high base, witnessing a decline of about 5% YoY during the period.

ICRA expects the CV industry to register a marginal YoY increase of 0-3% in volumes in FY2025, sustaining at the levels witnessed in FY2024, following the substantial growth momentum in FY2022 and FY2023. CE volumes are projected to decline by 5-7% YoY in FY2025. The emission norm transition expected in January 2025 could also support pre-buying in Q3 FY2025.

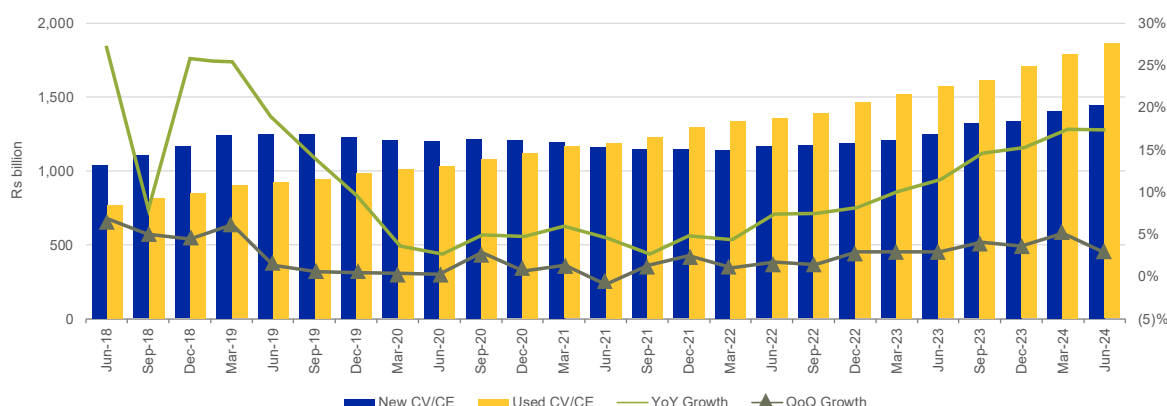


Source: ICRA Research; Indian Commercial Vehicle Industry; November 2024

The overall CV/CE AUM grew by about 17% YoY in Q1 FY2025 to Rs. 3.3 trillion as of June 2024. Within this, new CV/CE AUM of the NBFCs is estimated to have increased by 16% YoY in Q1 FY2025. The industry has been witnessing relatively weaker sales volumes in the current year; however, an overall improvement in vehicle prices has continued to support the AUM growth during the year. The new CV/CE segment continues to face sizeable competition from a few private banks, which have been increasing their market share aggressively over the last two years. Used CV/CE segment maintained a healthy momentum, growing by 18% YoY in Q1 FY2025. In the near term, used vehicles are expected to find more traction as customers opt for these vehicles given the significant price witnessed in the new vehicle segment. Overall, ICRA expects the AUM growth for the sector to be about 14-16% in FY2025.

ICRA estimates that the population of medium and heavy commercial vehicles (M&HCVs) older than 15 years at ~1.1 million units as on March 31, 2024, offer a significant potential for scrappage. Further, given the weak sales volume witnessed during the pandemic, the availability of used vehicles is likely to be somewhat constrained over the medium term. As such, even if a portion of old vehicles gets scrapped, it would spur healthy replacement demand over the medium term.

Assets Under Management movement in NBFC – CV segment



Source: ICRA Research; Non-banking Financial Companies; October 2024

The delinquencies in this segment remained stable in Q1 FY2025 overall. In terms of sub-segments, delinquencies in the M&HCV segment (which constituted around two-thirds of the overall AUM in the segment) were relatively stable during the quarter. However, LCVs/SCVs (which constituted the balance one-third) witnessed some increases {3 large players witnessed about 30 bps (avg.) increase in their GS3s in this segment} during the quarter, attributable to some pockets of overcapacities.

It is noted that the delinquency levels in one of the large players, which has been facing asset quality issues in the past, has steadily improved over the last few quarters on the back of write-offs and recoveries undertaken. This has resulted in the new-CV segment witnessing a steeper recovery over the past 4-6 quarters. Going forward, ICRA expects the delinquencies to moderately pick up, as the seasoning impact of the last two years of growth would weigh in.

It may be noted that the overdues in the new CV segment had witnessed a sharper increase during the pandemic compared to used CVs, given the relatively larger ticket sizes and EMIs in this segment. However, the delinquencies in the used CV segment continue to remain at higher levels compared to the new CV segment, given the modest credit profile of the target customers. However, a long-term secular trend of improving asset quality is seen, which has been supported by better underwriting and collection processes. As a result, delinquencies in this segment are significantly lower than the five-year-ago numbers.

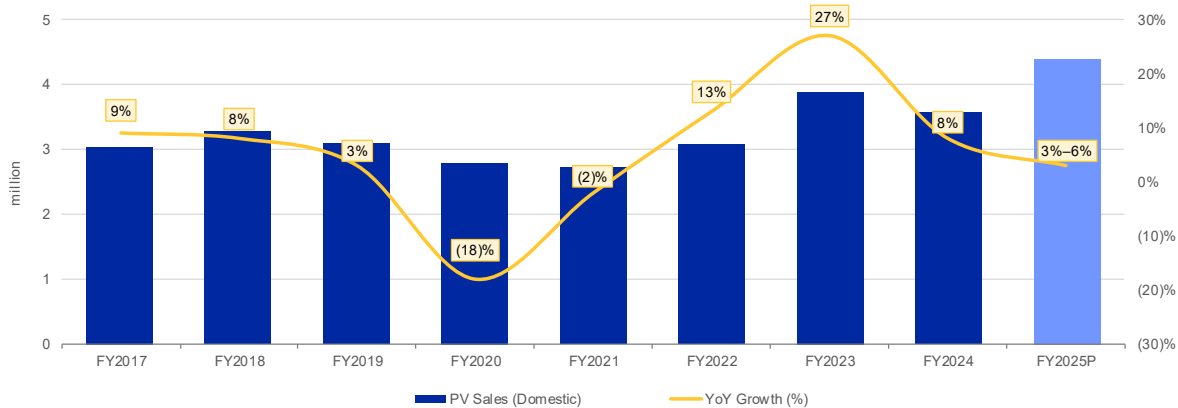
Passenger Vehicle Finance

The domestic passenger vehicle (PV) industry sustained its sales volumes in H1 FY2025 (YoY growth of 0.5%) after reaching an all-time high volume of ~4.2 million units in FY2024. Retail sales has been sequentially declining from July 2024 onwards despite discounts offered by the OEMs and new model launches. However, within the overall PV industry, the higher ticket utility vehicles segment continued to remain healthy, growing by 13% YoY in H1 FY2025, which augurs well for financiers.

The Utility Vehicle (UV) segment continues to expand its share in the overall industry sales, led by the shift in customer preferences and a slew of new model launches. The demand for entry-car segment is muted. The penetration of alternative fuels, such as CNG and electric, is steadily on the rise aided by introduction of new models and an expanding network. Demand for used cars is increasing, supported by the growth of organised players offering enhanced accessibility and reliable services/products.

Even as the underlying demand drivers remain supportive, volume growth for the segment is likely to moderate due to waning pent-up replacement demand and a high base from strong growth witnessed over the last three years. Overall, the industry volume growth is likely to moderate to 3-6% in FY2025.

Passenger vehicle industry market – Growth estimates



Source: SIAM, Indian pre-owned car market study, Frost & Sullivan, ICRA Research

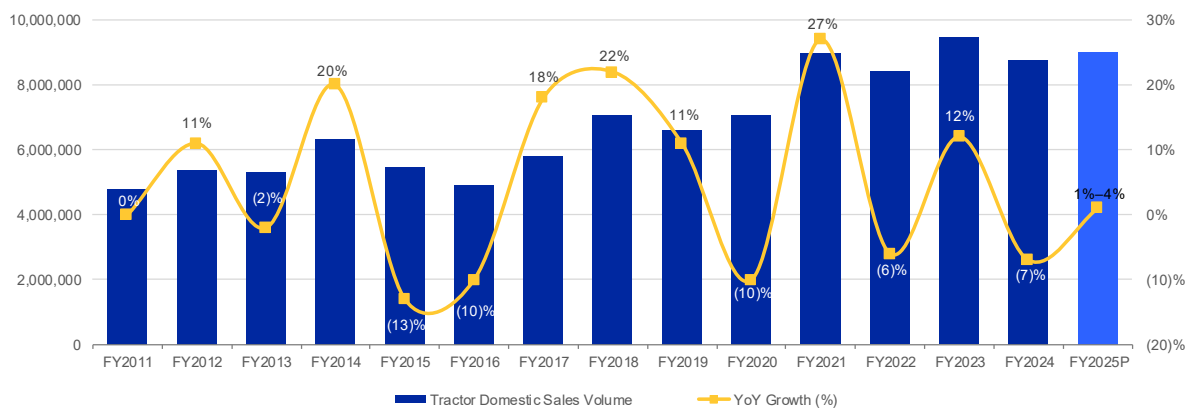
Tractor Finance

After remaining weak during June-August period, sales volumes reported a growth of 15% YoY in September 2024, with sentiments supported by a healthy monsoon precipitation and kharif sowing and aided to an extent by an early festive season in the current fiscal. Overall, for the 6M FY2025 period, retail volumes were still weaker than the previous year with a YoY decline of 9%.

After a deficient performance in June, the monsoon gained momentum over July-September, with cumulative rainfall during the season at ~108% of the Long Period Average (LPA). Even as the precipitation remained healthy, the spatial distribution was uneven with above-normal rainfall received over the southern peninsula and Central India, and below normal across Northwest and Northeast India.

ICRA expects the domestic tractor industry's volumes to recover further in H2 FY2025 supported by expectations of healthy monsoon precipitation in the near term, resulting in an overall growth of 1-4% in FY2025. At 8.8 lakh units, industry volumes reported a decline of ~7% YoY in FY2024, on account of a high base effect as well as weak precipitation and uneven monsoons.

Annual trend in domestic tractor sales volume



Source: ICRA Research; Indian Tractor Industry; September 2024

Gold Loan

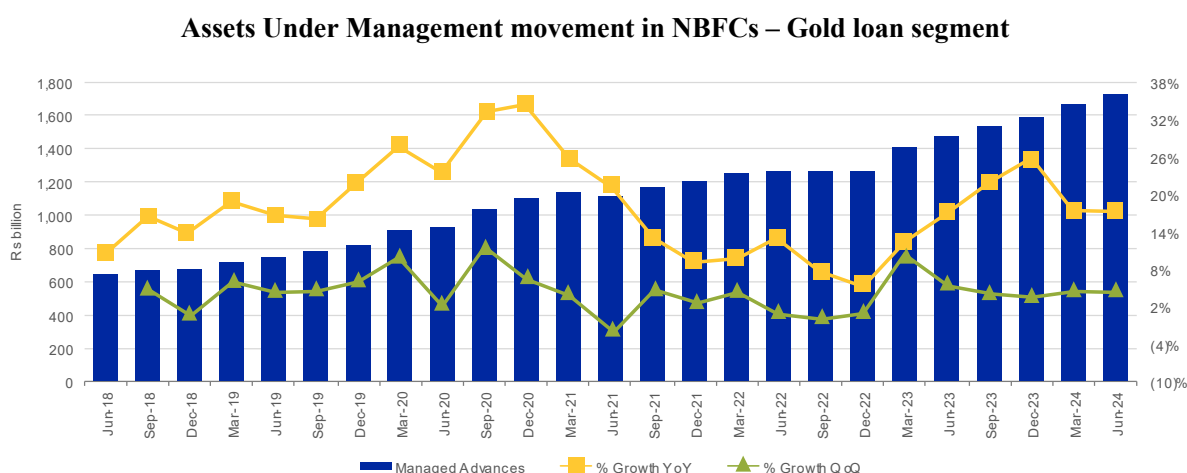
The NBFC credit in the gold loan segment maintained its momentum in Q1 FY2025, despite multiple operational constraints such as curbs on cash transactions above Rs. 20,000, adherence to LTV and auction

procedures, etc. Further, while one of the larger players was undergoing a decline in its portfolio due to the regulatory curbs on disbursements, strong disbursements by others supported overall growth, with the segmental AUM maintaining a healthy YoY growth of 17% - reaching Rs. 1.73 trillion as of June 2024.

The growth was supported by the positive gold price movement and healthy customer demand. Further, the significant run-up in gold prices is expected to provide sufficient cushion for lenders to grow their AUM in the near term. Incrementally, ICRA notes that the disbursement restrictions on the large player have been removed in Q2 FY2025, which would further provide a filip to the overall growth during H2 FY2025. Further, ICRA also notes that the expected decline in the growth in small ticket unsecured loans would also support the growth in the gold loan segment. These segments typically cater to a similar customer base and hence have a complimentary effect.

However, the regulator has continued to express its concerns on practices such as valuation of gold without the presence of customer, lack of end use monitoring, weaknesses in monitoring of LTV, lack of adequate systems / processes for handling top-up loans without evergreening, lack of transparency during auction of gold ornaments and jewellery on default by the customer, etc. Incrementally, lenders are likely to tighten their processes for rollover of loans which would restrict automatic rollovers. and potential evergreening of loans.

Overall, segmental growth is expected to grow by about 17-19% in FY2025.



Source: ICRA Research, based on ICRA's sample set of NBFCs; investor presentations

LOAN AGAINST PROPERTY (LAP) AND SMALL AND MEDIUM ENTERPRISES (SME) CREDIT

The segmental AUM stood at Rs. 4.24 trillion as of June 2024, with the growth sustaining at a healthy 40% YoY growth in Q1 FY2025 after a solid performance over the last two years, demonstrating the credit demand in this segment. ICRA notes that a predominant portion of the LAP segment is towards business purposes and hence the segment has been largely unaffected by higher risk weight dispensation for consumer credit. The NBFCs have continued to penetrate deeply in the rural markets, expanding their base by adding both new-to-credit customers as well as those graduating from microfinance and gold loans.

The asset quality performance in the unSME loans is anticipated to be under pressure in the near term. Further, sustained high growth over the past many years Rs. Billion has resulted in a high AUM base in sub-segments like LAP. Given this, the growth in some sub-segments, especially unSME and small-ticket LAP loans, could witness some slowdown in momentum. Overall, the LAP AUM is expected to expand by 21-23% for the unSME AUM by 19-21% during FY2025.

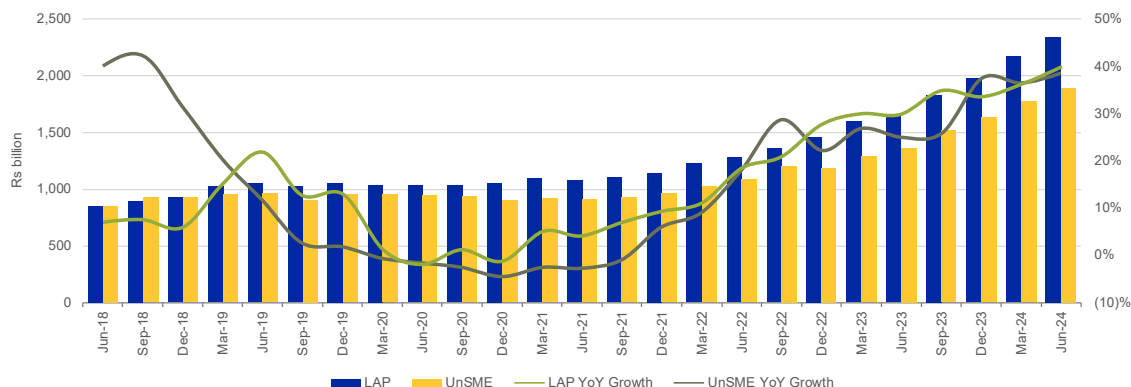
Overdues in the overall LAP + unSME segment continued to decline steadily over the quarters, supported by resolution/recovery of delinquent assets as well as on account of the strong AUM growth. Asset quality in

LAP loans has benefitted from the secured nature of this segment, though delinquencies and credit losses in the unSME loans have typically been elevated.

The unSME segment is showing signs of asset quality stress, driven by cash flow issues being faced by borrowers, coupled with overleveraging through multiple loans. In addition, as the AUM growth slows down and the portfolio seasoning improves, ICRA expects the delinquencies to increase to some extent over the medium term.

The UnSME segment has seen the usage of Central Government-promoted credit guarantee schemes such as CGTMSE, CGFMU, etc. which helped reduce the ultimate credit losses to some extent.

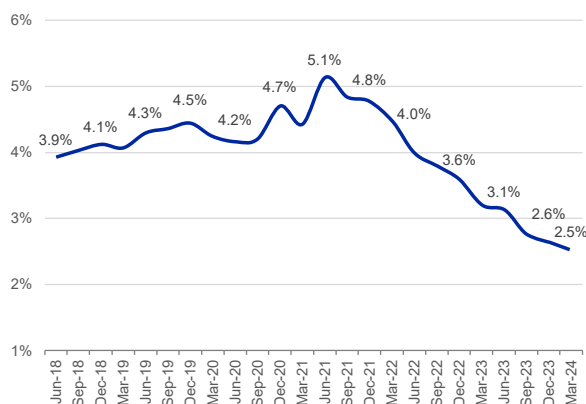
Assets Under Management movement in NBFC-Lap + SME segment



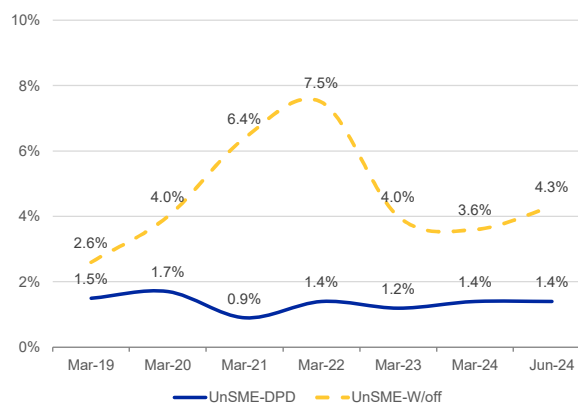
Source: ICRA Research, company/company investor presentations; LAP – Loan against property; SME – Small and medium-sized enterprises

90+dpd/GS3 movement in LAP+SME segment

GS3 movement in overall LAP + UnSME segment



UnSME 90+dpd and write-offs



Source: ICRA Research, company/company investor presentations; LAP – Loan against property; SME – Small and medium-sized enterprises

Source: ICRA Research; Write offs % of opening portfolio; June 2024 data is on an annualized basis; ICRA sample of entities; estimates applied where data was not available

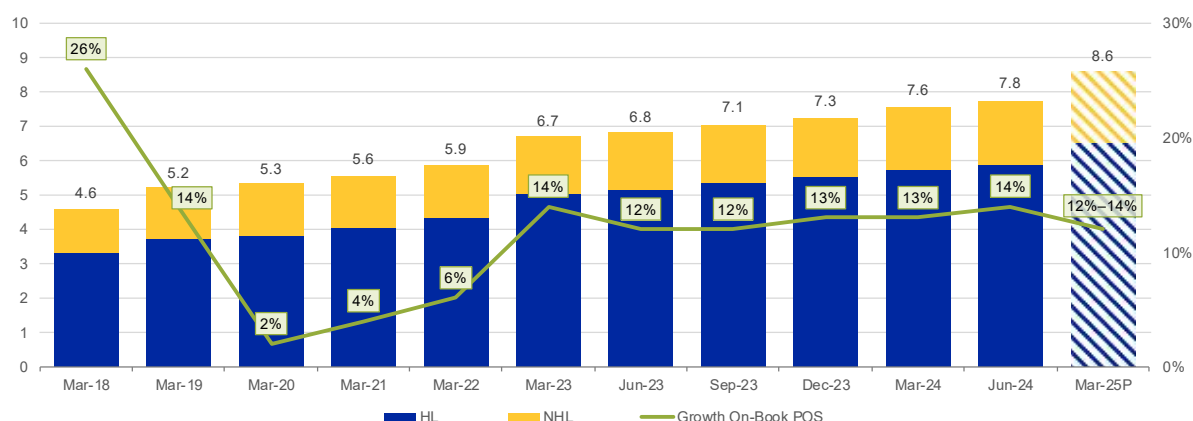
Housing Finance Companies (“HFCs”)

HFCs’ on-book portfolio reached Rs. 8.4 lakh crore as on June 30, 2024, registering a YoY growth of ~14%. The overall growth was supported by healthy demand in the HL segment. From March 2019 to June 2024, HFCs’ portfolio increased at a CAGR of ~8% (~9% for HL segment). The growth in the NHL segment has also been increasing over the past few quarters, in line with ICRA’s expectation. ICRA expects the product

mix of HFCs' on-book portfolio to stabilise around the current level, given the requirement of meeting the principal business criteria (PBC) on an ongoing basis.

Excluding PCHFL, the portfolio for HFCs is estimated to have grown by 14% YoY from June 2023 to June 2024. With demand expected to remain firm, ICRA expects the growth momentum to continue in FY2025 as well. ICRA maintains its growth estimate of 12-14% for the HFCs' on-book portfolio for FY2025.

Trends in HFCs' on-book portfolio growth



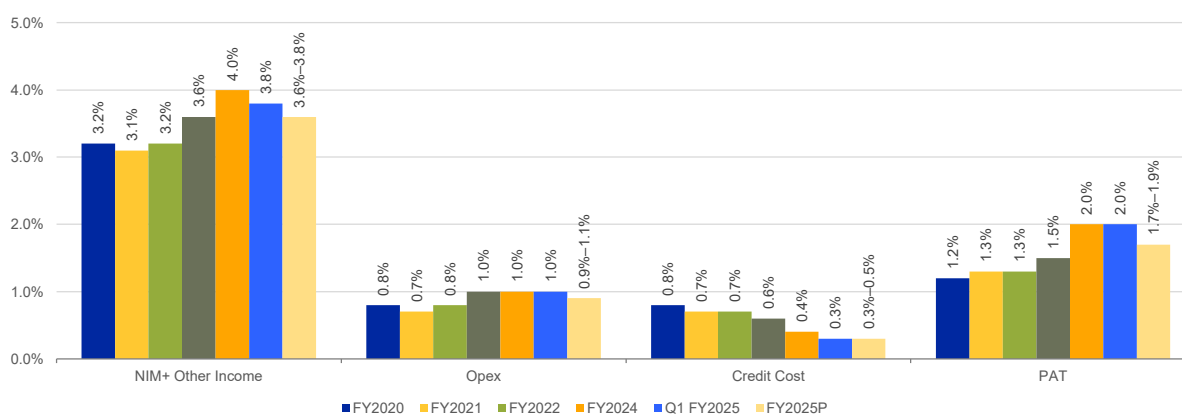
Source: Financials/investor presentations of HFCS, ICRA Research; P-Projected; Growth is YoY; Amount in Rs. lakh crore.

Data of HFCs from Mar-22 includes the acquired portfolio of DHFL by PCHFL; hence, to calculate adjusted growth, ICRA has added the same book size in Mar-21

The HFC sector's profitability, in terms of RoMA, is estimated at 1.9% for Q1 FY2025 against 1.7% in FY2024 (0.6% in FY2023). FY2023 and FY2024 were affected by the sizeable one-off expense/write-off by PCHFL, including provisions made on investments in alternative investment funds (Rs. 18.6 billion) in FY2024. Excluding PCHFL, RoMA was 1.7% in FY2023, 2.0% in FY2024 and 2.1% in Q1 FY2025.

With the increase in the cost of funds, HFCs reported a compression in the NIM in Q1 FY2025. ICRA expects the trend to continue with a slight moderation in NIM in FY2025, given the increasing cost of funds and gearing. Nevertheless, profitability is expected to remain healthy, supported by low operating expenses and credit costs.

HFCs' earning performance



Source: ICRA research, Indian Mortgage Finance Market; October 2024
Data excludes HDFC and Piramal Capital and Housing Finance Limited;

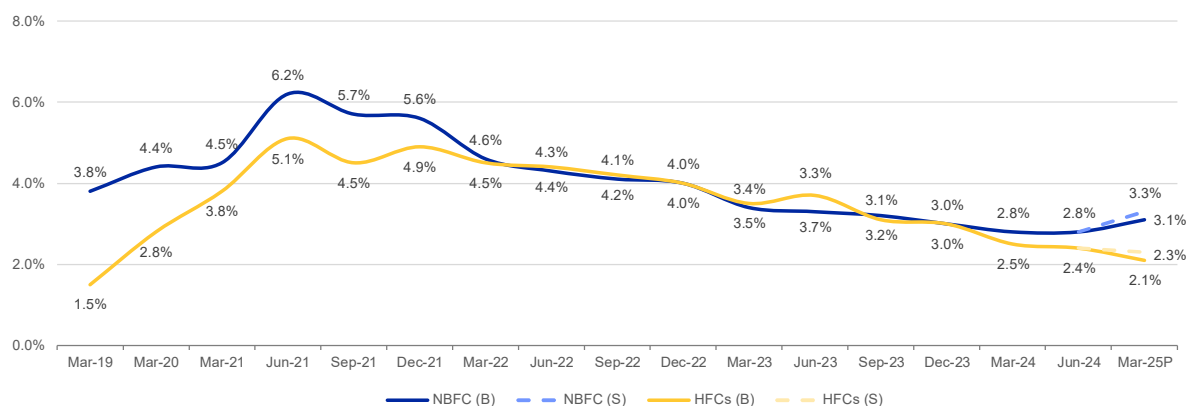
P-Projection; (Prev) – Previous estimates; (current est) – Current estimates

Asset Quality

Asset quality of the NBFCs have increasingly started coming under pressure with delinquencies inching up in Q1 FY2025; unsecured segments such as PL/CL, unsecured/quasi-secured SME loans, and microfinance have witnessed more intense headwinds compared to secured segments such as vehicle financing, LAP, etc. Over the near term, delinquencies would increase on the back of 1) seasoning impact of the sharp credit growth in the recent past, 2) relatively higher share of riskier asset segments, and 3) concerns around borrower level over-leveraging. Base estimates are for a 30 bps increase for the NBFCs, with the stress case marginally higher than the above, which would pan out in case of any unanticipated weakening of borrower cash flows.

The HFC GS3s have been on a steadily declining trend, coming down below the pre-pandemic levels recently. Further, the asset mix in the sector has been on a gradual shift as the share of affordable housing (with modest customer risk profiles) has been on the rise. However, given the relatively higher pace of growth the portfolio seasoning remains relatively lower. Also, large HFCs have relatively higher CF segment book, which has witnessed stress in the past few years, hence, keeping the overall GNPA's elevated. Incrementally, ICRA expects the sectoral GS3s to stabilise around the current levels in FY2025.

Gross stage 3 (GS3) trend and outlook



Source: ICRA Research; Note: Data for 29 NBFCs and 14 HFCs (excluding infra); past data for HFCs is excluding HDFC; B – Base; S – Stressed

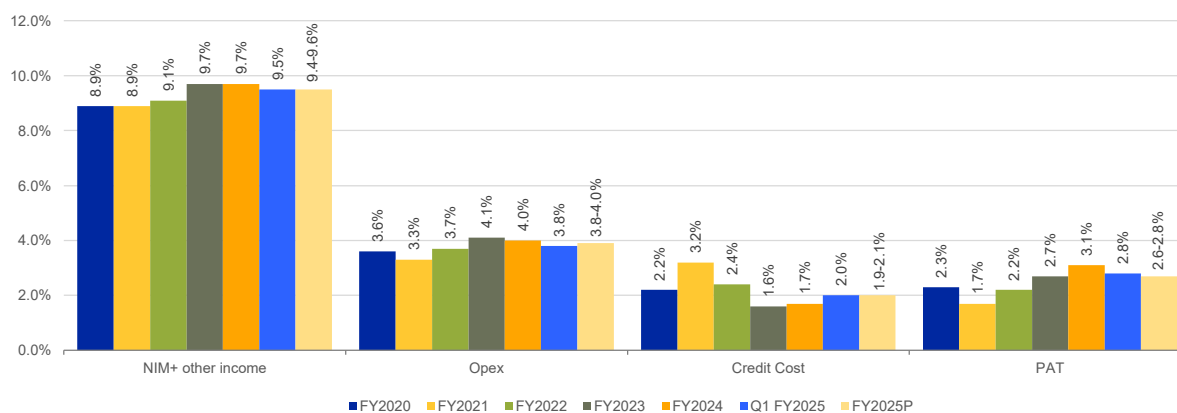
Profitability and Capitalization

The net interest margin (NIM) of the NBFCs witnessed a mild moderation in Q1 FY2025, on the back of some uptick in the weighted avg. CoF. Yields have stabilised as entities are expected to incrementally maintain their product mix. It may be noted that in the previous years, increasing share of higher yielding segments had supported in offsetting the increasing CoF.

Operating costs are expected to remain higher than long-term averages as the share of smaller ticket and unsecured loans increased in recent years. Further, credit costs are expected to increase in line with increasing delinquencies as the growth slows down and portfolio seasons. Accordingly, the net profitability of NBFCs is expected to be under pressure in FY2025.

Earnings| NBFCs' profitability trend and outlook

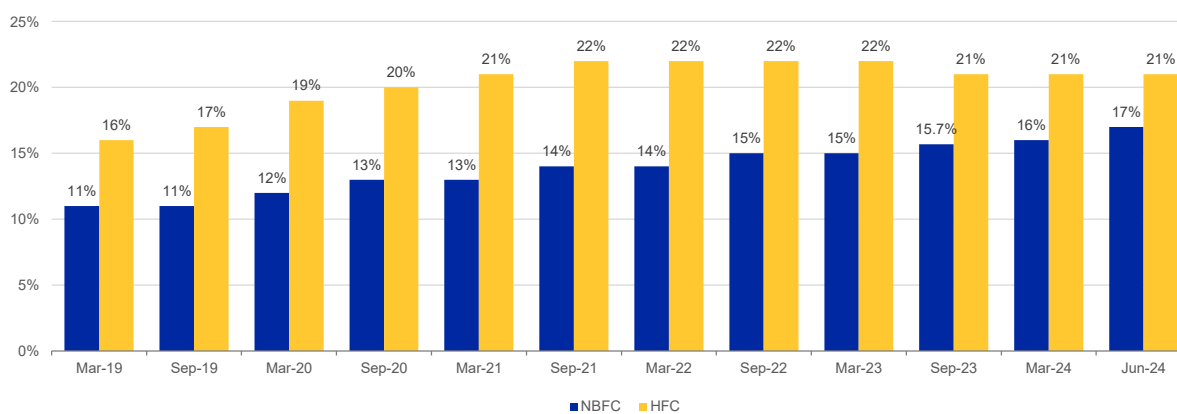
Key earnings parameters



Source: ICRA Research; P – Projected, based on ICRA's sample set companies: 19 NBFCs (non-Infra); ratios are on average managed assets (AMA) basis

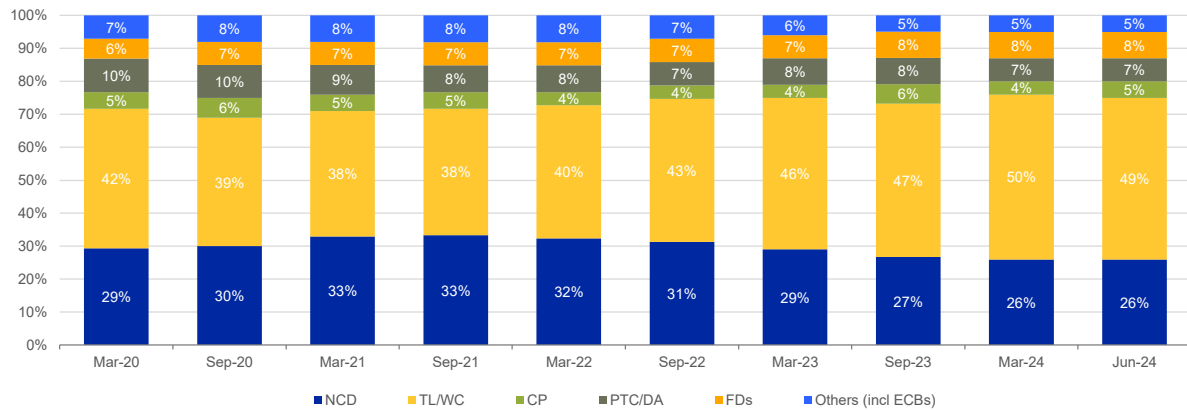
Capitalisation – Net worth /Assets under management

Net worth/Assets Under Management



Source: ICRA Research, based on ICRA's sample set companies: 19 NBFCs (non-Infra) and 10 HFCs

Source of funds for Retail-NBFCs



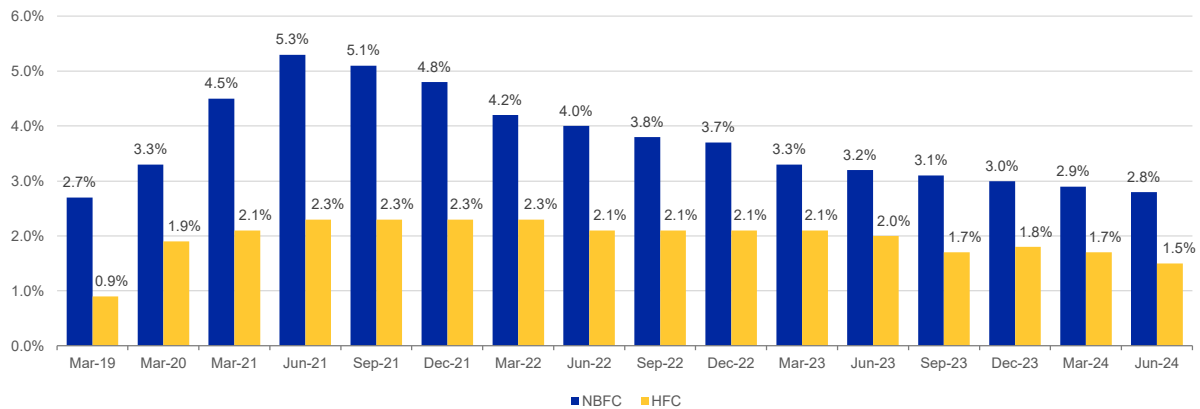
Source: ICRA Research, data of 18 NBFCs

NCD – Non-convertible debentures; TL/WC – Term loans/Working capital loans; CP – Commercial paper; PTC/DA – Pass-through certificates/Direct assignment; FD – Fixed deposits

Provision buffer supports risk profile

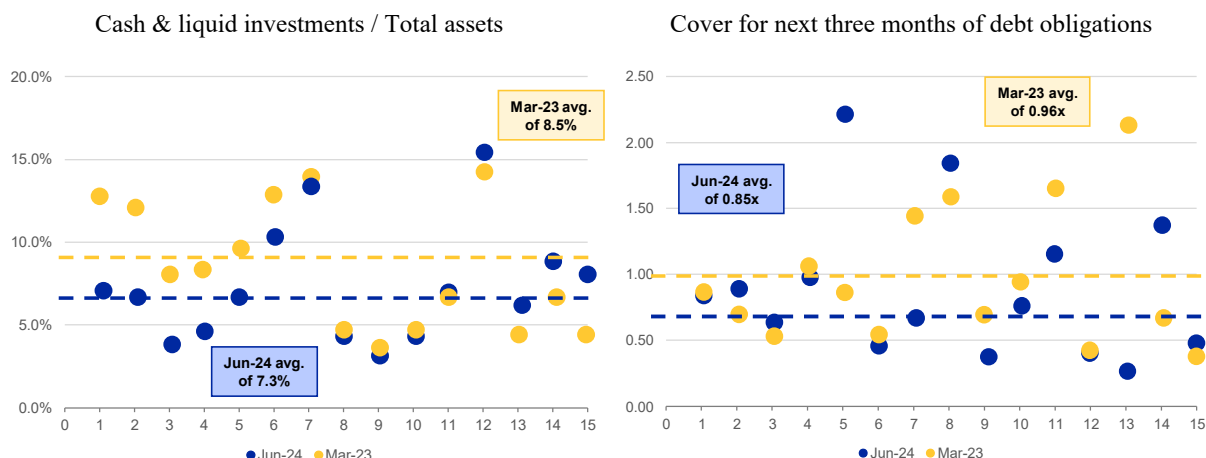
Provision buffers have moderated over the last three years; expected weakening of asset quality would necessitate higher provisioning going forward.

Provision build up by NBFCs



Source: ICRA Research, based on ICRA's sample set companies: 18 NBFCs (non-Infra) and 10 HFCs

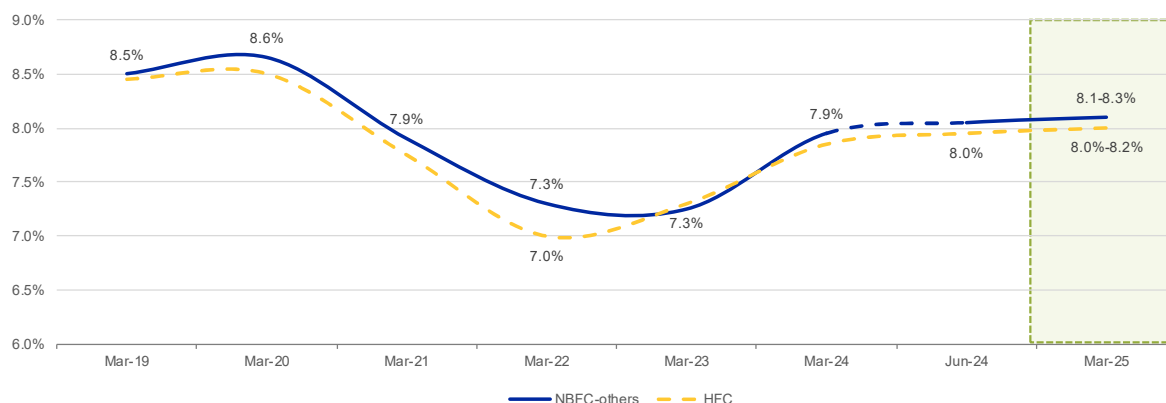
Liquidity and Funding



Source: ICRA Research, ICRA sample of 15 large NBFCs (non-Infra)

Liquidity coverage witnessed some moderation, though remaining at adequate levels overall, in line with the tightening funding scenario and increased COF. Reliance on short tenor borrowings such as commercial papers has been range-bound. As a result, ALMs of most NBFCs are well placed with positive cumulative mismatches for at least up to 12 months.

Cost of Funds



Source: ICRA Research, data of 19 NBFCs and 11 HFCs; Note: Investments only exclude investments in subsidiaries, associates and group entities

Cost of funds for NBFCs to increase by 20-40 bps during FY2025; expected to peak in H2 FY2025 in anticipation of rate cuts

NBFC Earnings Trend

The Automobile Industry

Domestic automobile sales trends

Growth was muted across all the key segments of the Indian automobile industry.

The domestic commercial vehicle (CV) industry reported a 4% YoY decline in sales volumes in H1 FY2025 on high base, and on the back of slower infrastructure and construction activities due to the General Elections. The construction vehicles industry also witnessed a deceleration in sales in Q2 FY2025 (-6 to -9% YoY decline) after recording healthy sales in Q1 FY2025 supported by activity in mining and real estate segments. Volumes are likely to pick up in H2 FY2025 on pickup in Government orders, which would support improvement in infrastructure activity.

The domestic passenger vehicle (PV) industry sustained its sales volumes in H1 FY2025 (YoY growth of 0.5%) after reaching an all-time high volumes of ~4.2 million units in FY2024. Retail sales has been sequentially declining from July 2024 onwards despite discounts offered by the OEMs and new model launches. However, within the overall PV industry, the higher ticket utility vehicles segment continued to remain healthy, growing by 13% YoY in H1 FY2025, which augurs well for financiers.

Retail volumes in two-wheeler grew by ~9% YoY in H1 FY2025, with sales remaining steady during the initial few months of the fiscal. Volumes, though, witnessed a decline of ~9% in September 2024, constrained to an extent by seasonal factors (Shraddh period, heavy rains, etc.). Incrementally, sales are expected to be healthy during the festive season as well as the wedding season in H2 FY2025.

Sales growth YoY in terms of volumes

	FY2022	FY2023	FY2024
Domestic CV	26%	34%	1%
Domestic PV	13%	27%	8%
Domestic two-wheelers	(10)%	19%	13%

Source: ICRA research

Domestic two-wheeler volumes sold refers to wholesale volumes

Exports

With most of the key overseas markets for Indian CV OEMs facing economic, geopolitical or forex-related issues in the past, CV exports had seen continuous shrinkage in base over the past two fiscals; although the CV exports have shown moderate YoY growth in volumes in H1 FY2025. Export volume growth over the past decade was led by acceptance of 2Ws as a cost-effective alternative for last-mile connectivity in the major cities of undeveloped nations – mainly in LatAm and Africa, besides other countries in the Indian sub-continent. Other drivers for demand in these markets include congested cities, lack of public transport infrastructure, lower disposable income, lower penetration levels and consistent demand for use as commercial fleet. The two-wheeler exports have grown by ~5% CAGR between FY14 and FY24.

(Source: ICRA research)

REGULATION AND POLICIES

The following is a summary of the relevant regulations and policies prescribed by the Government and other regulatory bodies that are applicable to the Issuer's business. The information has been obtained from legislation available in the public domain and may not be exhaustive. It is merely intended to provide general information and is neither designed nor intended to be a substitute for professional legal advice.

The statements below are based on the current provisions of Indian law, which is subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Investors should carefully consider the information described below, together with the information set out in other sections of the Offering Circular including the financial statements before making an investment decision relating to the Notes, as any changes in the regulations and policies could have a material adverse effect on the Issuer's business.

(I) NBFC Regulations

NBFCs are primarily governed by the RBI Act, 1934 (“**RBI Act**”), Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**SBR Directions**”), Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024, each as amended. Additionally, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

1. The Reserve Bank of India Act, 1934 (RBI Act)

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs. The RBI Act defines an NBFC as:

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; and
- (iii) such other non-banking institution(s) or class of institutions, as the RBI, with the previous approval of the Central Government and by notification in the official gazette, may specify.

The RBI has clarified that, while identifying a company as an NBFC, it will consider both the assets and the income pattern from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if: (i) its financial assets are more than 50.0% of its total assets (netted off by intangible assets); and (ii) income from financial assets is more than 50.0% of the gross income.

2. Classification of NBFCs

The RBI on October 19, 2023 issued a notification outlining a new regulatory framework for every NBFC, in supersession of Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016 and Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The SBR Directions consolidate various regulations for NBFCs of different scales and functions in one place. As per the SBR Directions, with effect from October 01, 2022 (*pursuant to notification for ‘Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs’ dated October 22, 2021 vide no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22*) the classification of NBFCs has been revised, whereby NBFCs are classified into four layers based on their size, activity, and perceived riskiness. NBFCs in the lowest layer shall be known as NBFC - Base Layer (“**NBFC-BL**”). NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (“**NBFC-ML**”) and NBFC - Upper Layer (“**NBFC-UL**”), respectively. There will also be a top layer which is ideally expected to be empty and will be known as NBFC - Top Layer (“**NBFC-TL**”).

The NBFC Base Layer comprises of (a) non-deposit taking NBFCs (“**NBFC-ND**”) below the asset size of INR 10 billion and (b) NBFCs undertaking the following activities - (i) NBFC-Peer to Peer Lending Platform (“**NBFC-P2P**”), (ii) NBFC-Account Aggregator (“**NBFC-AA**”), (iii) Non-Operative Financial

Holding Company (“**NOFHC**”) and (iv) NBFC not availing public funds and not having any customer interface. The Middle Layer consists of (a) all deposit taking NBFCs (“**NBFC-D**”), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of INR 10 billion and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealer, (ii) Infrastructure Debt Fund-Non-Banking Financial Company (“**NBFC-IDF**”), (iii) Core Investment Company (“**NBFC-CIC**”), (iv) Housing Finance Company (“**HFC**”) and (v) Non-Banking Financial Company-Infrastructure Finance Company (“**NBFC-IFC**”).

The NBFC-UL comprises entities which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in the SBR Directions. The Company has been identified as an NBFC-UL by the RBI following its press release dated September 14, 2023. As of the date of this Offering Circular, the Company is amongst the top ten eligible NBFCs in terms of their asset size. Once an NBFC is classified as NBFC-UL, it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer, even in case it does not meet the parametric criteria in the subsequent year/s.

The NBFCs identified in the UL category are required to formulate a board approved policy and an implementation plan within three months of the RBI’s press release for adoption of the enhanced regulatory framework. The roadmap as approved by the board towards implementation of the enhanced regulatory requirement must be submitted to the RBI and is subject to supervisory review. The board of the Company is required to implement the applicable guidelines and regulatory framework within 24 months from the date it is classified as an NBFC-UL by the RBI.

The SBR Directions lay down detailed regulatory requirements specific to each category of NBFC including capital requirements, provisioning for standard assets, large exposure framework, compensation of key managerial personnel and senior management, regulatory restrictions on loans and advances, disclosures in financial statements, implementation of core financial services solution, compliance function and role of chief risk officer under the SBR Directions applicable to NBFC-ULs.

3. Regulatory Requirements of an NBFC

Net Owned Fund

As per the RBI Act, every NBFC must obtain a certificate of registration (“**CoR**”). The SBR Directions further specify that to commence business as NBFC-ICC, NBFC-MFI and NBFC-Factor, a minimum net owned fund (“**NOF**”) of INR 100 million is required; for NBFC-P2P, NBFC-AA, and NBFC not availing public funds and not having any customer interface, the NOF shall be INR 20 million and for NBFC-IFC and IDF-NBFC, the NOF shall be INR 3 billion. Furthermore, every NBFC is required to submit to RBI a certificate from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 31 of that year, specifying that it is engaged in the business of a non-banking financial institution, requiring it to hold a CoR. For this purpose “net owned fund” means:

- (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, and (iii) other intangible assets; and
- (b) further reduced by the amounts representing:
 - (1) investment by such companies in shares of (I) its subsidiaries, (II) companies in the same group, (III) other NBFCs; and
 - (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with: (I) subsidiaries of such companies, and (II) companies in the same group;

to the extent such amount exceeds 10.0% of (a) above.

Under the SBR Directions, NBFC-ICC operating currently is required to have net owned funds of INR 20 million and shall achieve net owned funds of INR 100 million by March 2027, and the first INR 50 million should be achieved by March 2025.

Reserve Fund

NBFCs must create a reserve fund of not less than 20.0% of its annual net profits before declaration of dividend, which has to be appropriated only for the purposes specified by RBI. Furthermore, every such appropriation is required to be reported to the RBI within 21 days from the date of withdrawal.

Maintenance of liquid assets

Every NBFC-D must invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price and in unencumbered approved term deposits / approved bonds, an amount which shall at the close of business on any day be not less than 15.0% of public deposits outstanding at the close of business on the last working day of the second preceding quarter. Out of their aggregate investment of 15.0% of public deposits as set out above, NBFC-Ds must ensure that they invest not less than 10.0% of public deposits in unencumbered approved securities.

4. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023:

Internal Capital Adequacy Assessment Process (ICAAP)

NBFCs are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. This internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations dated May 12, 2023). While Pillar 2 capital will not be insisted upon, NBFCs are required to make a realistic assessment of risks and the methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per their board approved policy.

Asset Classification

NBFCs shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes, namely: (i) Standard assets (ii) Sub-standard assets (iii) Doubtful assets and (iv) Loss assets.

- i. Standard Asset: The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.
- ii. Sub-standard asset: The asset (i) which has been classified as non-performing asset for a period not exceeding 12 months; (ii) where the terms of the agreement regarding interest and/ or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
- iii. Doubtful Asset: Doubtful asset shall mean (i) a term loan, or (ii) a lease asset, or (iii) a hire purchase asset, or (iv) any other asset, which remains a sub-standard asset for a period exceeding 12 months.
- iv. Loss Asset: Loss asset shall mean: (i) an asset which has been identified as loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent it is not written off by the NBFC; and (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.
- v. Non-Performing Asset (NPA): NPA shall mean to include the following:
 - (i) an asset, in respect of which, interest has remained overdue for a period of more than 90 days.
 - (ii) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days.

- (iii) a demand or call loan, which remained overdue for a period of more than 90 days from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days.
- (iv) a bill which remains overdue for a period of more than 90 days.
- (v) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans/advances, which facility remained overdue for a period of more than 90 days.
- (vi) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days.
- (vii) the lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days.
- (viii) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

NBFC shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as follows: (i) SMA-0: Upto 30 days, (ii) SMA-1: More than 30 days and upto 60 days, and (iii) SMA-2: More than 60 days and upto 90 days. The said instructions on SMA classification of borrower accounts are to all loans, including retail loans, irrespective of size of exposure of the lending institution. The borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes.

- vi. Every applicable NBFC, except NBFC-ULs (for whom specific provisions have been detailed later in this chapter) shall make provisions for standard assets at 0.40% of the outstanding standard assets.

The provisions on standard assets are not reckoned upon for arriving at Net NPAs. The provisions towards standard assets are not required to be netted from gross advances but are shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the 'General Provisions on Standard Assets' in Tier II capital which together with other 'general provisions/loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25% of the total risk-weighted assets.

- vii. An NBFC-UL must make provision against sub-standard assets, doubtful assets and loss assets after considering the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged. Furthermore, such assets cannot be upgraded merely because of rescheduling, unless it satisfies the conditions required for such upgrades. Provisioning must be made in the following manner:

Sub-standard assets: A general provision of 10.0% of the total outstanding assets is required to be made.

Doubtful assets: A 100.0% provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC has a valid recourse is required to be made. The realizable value is to be estimated on a realistic basis. In addition to the foregoing, depending upon the period for which the asset has remained doubtful, provision is required to be made as follows:

- if the asset has been considered doubtful for up to one year, provision to the extent of 20.0% of the secured portion is required to be made;
- if the asset has been considered doubtful for one to three years, provision to the extent of 30.0% of the secured portion is required to be made; and
- if the asset has been considered doubtful for more than three years, provision to the extent of 50.0% of the secured portion is required to be made.

Loss assets: The entire asset is required to be written off. If the assets are permitted to remain in the books for any reason, 100.0% of the outstanding assets should be provided for.

- viii. No NBFC can lend against its own shares.

Framework for Compromise Settlements and Technical Write-offs dated June 08, 2023

On June 08, 2023, the RBI issued a comprehensive regulatory framework governing compromise settlements and technical write-offs in respect of stressed accounts applicable to all regulated entities (RE) including NBFCs. Compromise settlement shall mean any negotiated arrangement with the borrower to fully settle the claims of such regulated entities against the borrower in cash including waiver of some outstanding amount and technical write-off for this purpose shall mean non-performing assets remain outstanding at borrowers' loan account level, but are written-off (fully or partially) by the RE only for accounting purposes, without involving any waiver of claims against the borrower, and without prejudice to the recovery of the same. The NBFCs shall have a board approved policy for undertaking such compromise settlements and technical write-offs laying down necessary condition precedents such as minimum ageing, deterioration in collateral value etc., graded framework for examination of staff accountability in such cases with reasonable thresholds and timelines, permissible sacrifice for arriving at settlement, methodology for determining realisable value of the security.

Compromise settlements where the time for payment of the agreed settlement amount exceeds three months shall be treated as restructuring as defined in terms of the 'Prudential framework on Resolution of Stressed Assets' dated June 7, 2019. The said framework also provides provisions for treatment of partial technical write-offs, cooling period for fresh exposures to borrowers subject to compromise settlements, undertaking compromise settlements or technical write-offs in respect of accounts categorised as wilful defaulters or fraud. Further, NBFCs are required to comply with reporting mechanism with respect to compromise settlements and technical write offs on quarterly basis as per board approved format. Any such settlement of claims under the said framework for which recovery proceedings have commenced shall be subject to obtaining consent decrees from appropriate judicial authority.

Disclosure in Financial Statement

NBFCs are required to separately disclose in its balance sheet the provisions made in accordance with the SBR Directions without netting them from the income or against the value of assets. Furthermore, the provisions must be distinctly indicated under separate heads of account as under:

- provisions for bad and doubtful debts; and
- provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the NBFC and for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads, general provisions and loss reserves, may be written back without making adjustment against them.

Additionally, NBFCs shall put up to the Board, at regular intervals, as may be prescribed by the Board in this regard, the following: (i) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC; (ii) Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

Distribution of Mutual Fund Products, Loan against Shares and Mutual Funds

The Company has started a new business line which includes distribution of mutual funds, and lending against shares and mutual funds. This would make the Company subject to certain guidelines of the SBR Directions containing operational aspects to be adhered to by NBFCs for undertaking distribution of mutual fund products or while lending against the collateral of listed shares, including filing of report on-line to stock exchanges on a quarterly basis, information on the shares pledged in their favour, by borrowers for availing

loans. The NBFC undertaking mutual funds distribution shall also require a comprehensive Board approved policy regarding the same.

Norms for loans against security of gold jewellery

Applicable NBFCs that are primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier I capital of 12%. All applicable NBFCs are required to maintain a Loan-to-Value (“LTV”) ratio not exceeding 75% for loans granted against the collateral of gold jewellery and disclose in their balance sheet the percentage of such loans to their total assets. The SBR Directions provides a standard method for determining value of gold accepted as collateral in order to arrive at LTV ratio. However, the NBFCs are not allowed to grant any advance against bullion / primary gold and gold coins or any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (“ETF”) and units of gold mutual fund. The board shall adopt an explicit policy for gold loans in their overall loan policy. The NBFCs are also required to keep record of verification of the ownership of the jewelry in the event gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams. Furthermore, NBFCs also require prior approval of the RBI to open branches exceeding 1,000 and new branches are only allowed to be opened unless NBFCs have adopted suitable safety and security measures for security and for storage of gold jewellery, including safe deposit vault. The SBR Directions also mandate full disclosure regarding auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

The general guidelines provided in fair practice code also applies to gold loans. Furthermore, the NBFCs are required to comply with additional guidelines provided in fair practice code which includes requirement of a board approved policy for lending against gold, disclosure regarding details of auction procedure of pledged gold in loan agreement, standard documentation across all branches etc.

Rating of Financial Product:

All applicable NBFCs are required to furnish to the RBI any information relating to the change in rating of any financial products issued by them within 15 working days of such change.

Norms for excessive interest rates

All NBFCs must formulate appropriate internal procedures for determining interest rates, processing and other charges. The board of each NBFC shall adopt an interest rate model considering the various relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed to the borrowers in the application form and communicated explicitly in the sanction letter as well as on the company’s website. Furthermore, the rate of interest would have to be annualized so that the borrower is aware of the exact rates that would be charged to the account.

Guidelines on Liquidity Risk Management Framework

The SBR Directions have prescribed the guidelines for NBFC-NDs with asset size of INR 1 billion and above, CICs and all NBFC-Ds to adhere to liquidity risk management framework. The guidelines deal with following aspects of liquidity risk management framework: (i) liquidity risk management policy, strategies and practices, (ii) management information system (MIS), (iii) internal controls, (iv) maturity profiling, (v) liquidity risk measurement – stock approach, (vi) currency risk, (vii) managing interest rate risk, and (viii) liquidity risk monitoring tools. The internal controls are required to be put in place by NBFCs as per these guidelines shall be subject to supervisory review.

Loans and Advances

RBI has laid down certain regulatory restrictions and procedural compliances on granting loans and advances to (i) directors (including relatives of the directors, firms and companies where the directors are

interested in) where the amount is aggregating to INR 50 million and above, unless sanctioned by the Board of Directors/Committee of Directors, (ii) senior officers of the NBFC and (iii) real estate sector. NBFCs are required to further ensure for such loans and advances that they have obtained necessary declarations and disclosures from relevant person in this regard.

Fair Practices Code

The RBI has framed the fair practice guidelines, to promote good and fair practices by setting minimum standards to be adhered to by NBFCs in dealing with customers. These guidelines require NBFCs to function in a fair and transparent manner in all respects. Furthermore, the said guidelines prescribe the requirements in connection with information to be provided and disclosures to be made by NBFCs to their customers including information on interest rates, common fees and charges. Furthermore, they provide clear information explaining the key features of their services and products that customers are interested in, provide information on any type of product and service offered that may suit the customer's needs and inform the customers about the various means through which products and services are offered.

Penal Charges in Loan Accounts: RBI has issued instructions for charging penal interest / charges on loans by regulated entities (including NBFCs and HFCs) which shall be effective from January 01, 2024. The following instructions have been issued to NBFCs: (i) prohibition on charging of the penal interest, applicable on non-compliance, over and above the rate of interest charged on loans and prohibition on capitalization of penal charges however, levying of separate penal charges on non-compliance of material terms and conditions of loan is allowed; (ii) prohibition on inclusion of any additional component to the rate of interest; (iii) formulation of board approved policy on penal charges / similar charges on loans; (iv) reasonable and non-discriminatory penal charges within a particular loan / product category; (v) prohibition on higher penal charges applicable on individual borrowers availing loans for non-business purposes than the charged applicable on non-individual borrowers; (vi) disclosure in the loan agreement, most important terms & conditions / key fact statement and on NBFCs website regarding the quantum of penal charges along with reasons for levying such charges; (vii) appropriate communications to borrowers, prior and post levying of penal charges, providing quantum of such charges along with reasons.

Further, the said instructions shall not be applicable on Credit Cards, External Commercial Borrowings, Trade Credits and Structured Obligations covered under product specific directions.

Responsible Lending Conduct - Release of Movable / Immovable Property Documents on Repayment/Settlement of Personal Loans: NBFCs are required to (a) release all the original movable / immovable property documents ("**Property Documents**") and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account, (b) provide an option to borrower for collection of the Property Documents either from the banking outlet / branch where the loan account was serviced or any other office of the NBFC where the Property Documents are available, as per her / his preference, (c) mention the time and place of return of the Property Documents in the loan sanction letters, (d) lay down procedure for return of Property Documents to the legal heirs of the borrowers in the event of demise of such borrowers. Further, the NBFCs shall be liable to compensate the borrowers: (a) in case of delay in releasing the Property Documents or failing to file charge satisfaction form with relevant registry beyond the prescribed time period and (b) in case of loss / damage to the Property Documents, either in part or in full. Additionally, the NBFC shall be required to communicate reasons for such delay and assist in obtaining duplicate / certified copies of the Property Documents along with bearing such costs associated with it in addition to the compensation for delay. However, in such cases, an additional time of 30 days will be available to the NBFCs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days). The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

Governance Guidelines

Audit Committee and Nomination and Remuneration Committee: NBFCs shall constitute an audit committee, consisting of not less than three members of its Board and nomination and remuneration committee. The audit committee shall ensure that an 'Information System Audit' of the internal systems and

processes is conducted at least once in two years to assess operational risks faced by the NBFCs. The said committees shall have the powers, functions and duties as laid down in the Companies Act, 2013.

Appointment of Chief Risk Officer: NBFCs with asset size of more than INR 50 billion in categories - NBFC-ICC, NBFC-IFC, NBFC-MFI, NBFC-Factors and IDF-NBFC shall appoint a Chief Risk Officer (CRO) with clearly specified role and responsibilities. The CRO shall be a senior official in the hierarchy of an NBFC, who shall be appointed for a fixed tenure with the approval of the Board and shall possess adequate professional qualification/experience in the area of risk management. The Board shall put in place policies to safeguard the independence of the CRO. Such CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks.

'Fit and Proper Criteria' for the Directors: NBFCs shall be required to perform the following: (i) 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, (ii) obtain a declaration and undertaking from the directors giving additional information on the directors, (iii) obtain a 'Deed of Covenant' signed by the directors, (iv) furnish to the Reserve Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the NBFC that 'fit and proper criteria' in selection of the directors has been followed.

Experience of the Board

NBFCs are required to have at least one director having relevant experience in working at a bank/ NBFC.

Key Managerial Personnel and Independent Directors: Except for directorship in a subsidiary, key managerial personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. Further, subject to Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with the aforementioned norms. In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs are required to put in place a Board approved compensation policy. The policy shall at the minimum include (i) constitution of a Remuneration Committee, (ii) principles for fixed/variable pay structures, and (iii) malus/clawback provisions.

Internal Guidelines on Corporate Governance: NBFCs shall frame their internal guidelines on corporate governance with the approval of the Board, and it shall be published on the company's website, if any, for the information of various stakeholders.

Policy on Demand/ Call Loans: The Board of NBFCs granting/intending to grant demand/call loans shall frame a policy for the company and implement the same. Such policy shall, inter alia, stipulate the following – (i) A cut-off date within which the repayment of demand or call loan shall be demanded or called up. (ii) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut-off date for demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction. (iii) The rate of interest which shall be payable on such loans. (iv) Interest on such loans, as stipulated shall be payable either at monthly or quarterly basis. (v) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period. (vi) A cut-off date, for review of performance of the loan, not exceeding six months commencing from the date of sanction. (vii) Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

Investment Policy: The Board of NBFCs shall also frame investment policy for the company and shall implement the same. The criteria to classify the investments into current and long-term investments shall be spelt out by the Board of the company in the investment policy.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to putting in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs. The SBR Directions specify that core management functions like internal auditing, strategic and compliance functions, decision-making functions such as compliance with KYC norms for opening deposit accounts shall not be outsourced by NBFCs. Furthermore, the SBR Directions specify that outsourcing of functions shall not limit its obligations to its customers, and that the NBFCs shall continue to be liable for certain acts or duties outsourced to their agent.

Other Governance Measures

Apart from the above, the RBI through its recent notifications also provides for other corporate governance related regulatory changes which included (i) having a board of directors approved policy and a compliance function and roles of chief compliance officer by April 01, 2023, (ii) appointment of chief compliance officer by October 01, 2023, (iii) timeline for implementation of Core Financial Services Solution (“CFSS”) for NBFC-MLs and NBFC-ULs to achieve a minimum of ten Fixed Point Service Delivery Units by September 30, 2025. However, in the case of NBFCs –ULs falling under the said criteria, they are required to ensure that 70% of their Fixed Point Service Delivery Units would have implemented the CFSS by September 30, 2024.

Miscellaneous Instructions

Framework for Compensation to Customers for Delayed Updation/ Rectification of Credit Information: The RBI has directed Credit Information Companies (“CICs”) as well as Credit Institutions (“CIs”) to implement the compensation framework for delayed updation/rectification of credit information by CIs and CICs within 6 months from October 26, 2023. The aforesaid framework requires NBFCs to pay compensation to the complainant in the following circumstances: (a) failure to resolve the complaint within 30 (thirty) days from the date of the initial filing of the complaint by the complainant, (b) failure to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within 21 calendar days of being informed by the complainant or a CIC. Any contravention or default of the aforesaid directions by NBFCs shall lead to penal action as per the provisions of Credit Information Companies (Regulation) Act, 2005.

Strengthening of customer service rendered by Credit Information Companies and Credit Institutions: The RBI has directed CICs and CIs to implement the following direction for strengthening and improving the efficacy of the grievance redress mechanism and customer services. The said directions are applicable to NBFCs and shall come into effect 6 months from October 26, 2023. Further, NBFCs are directed to put in place necessary systems and processes to implement these directions within the period of 6 months from October 26, 2023. Some key obligations of NBFCs are as follows: (a) to send alerts through SMS/ email to customers while submitting information to CICs regarding default/ Days Past Due (DPD) in existing credit facilities, (b) to organise special awareness campaigns to sensitise their customers about benefits of submission of their mobile numbers/ email IDs, (c) to have a dedicated nodal point/ official of contact for CICs for redress of customer grievances and furnish details of the same to CICs, (d) undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis and such RCA shall be reviewed by the top management on annual basis, (e) inform the customers the reasons for the rejection of their request for data correction, if any. Any contravention or default of the aforesaid directions by NBFCs shall lead to penal action as per the provisions of Credit Information Companies (Regulation) Act, 2005.

Display on Information – Secured Assets Possessed under the SARFAESI Act, 2002: The RBI has directed all the NBFCs of the RBI which are secured creditors as per the SARFAESI Act, 2002 to display information in respect of the borrowers whose secured assets have been taken into possession by the regulated entities under the SARFAESI Act. It requires NBFCs to upload the requisite information on their website in the format as prescribed within 6 months from September 25, 2023, and to update the said information on monthly basis.

Schedule IV of the SBR Directions specifies regulatory instructions that are applicable to NBFC-UL, in addition to the instructions of NBFC-BL and NBFC-ML, as applicable:

(i) Capital Requirement

NBFC-ULs shall maintain, on an ongoing basis, common equity tier 1 capital of at least 9% of risk weighted assets.

(ii) Large Exposure Framework

The RBI introduced Large Exposure Framework which is applicable to NBFC-UL at solo level and at consolidated group level. An exposure to a counterparty shall constitute both on and off-balance sheet exposures which shall be calculated according to the method prescribed for capital computation.

NBFC-UL's exposure to all its counterparties and groups of connected counterparties, excluding (i) exposure to the Government of India and State Governments which are eligible for zero percent risk weight under capital regulations applicable to NBFC-UL, (ii) exposure where the principal and interest are fully guaranteed by the Government of India, (iii) exposure to group entities that is deducted from its owned funds to arrive at the NOF, and (iv) investment in the equity capital of the insurance company to the extent specifically permitted in writing by the Bank.

NBFC-UL which is held by a NOFHC shall not have any exposure to the promoters/promoter group entities or individuals associated with the promoter group or the NOFHC, shall not make investment in the equity/debt capital instruments in any of the financial entities under the NOFHC, and shall not invest in equity instruments of other NOFHCs.

For single counterparty, the sum of all the exposure values of an NBFC-UL must not be higher than 20% of the NBFC-UL's available eligible capital base at all times, however board of the NBFC-UL may allow additional 5% exposure as per the policy set out by the board on exceptional cases where exposure beyond 20% may be considered, and shall record reasons in writing whenever the same is allowed. For a group of connected counterparties, the sum of all exposure values of an NBFC-UL shall not be higher than 25 % of the NBFC-UL's available eligible capital base at all times, provided that an NBFC-UL may exceed the exposure limit by 10% of its Tier I capital for exposure to a group of connected counterparties, if the additional exposure is on account of infrastructure 'loan and/or investment'. Each NBFC-UL shall frame a policy approved by its board to determine the existence of a group of connected counterparties. The policy framed, and assessments made under such a policy shall be subject to supervisory scrutiny.

NBFC shall report its large exposures to the Reserve Bank (Department of Supervision, Central Office), where it shall cover (i) all exposures, meeting the definition of large exposure; (ii) all other exposures, measured as specified in the framework without offsetting exposure value with credit risk transfer instruments, where values stand equal to or above 10% of the NBFC's eligible capital base; (iii) all the exempted exposures with values equal to or above 10% of the NBFC's eligible capital base; (iv) 10 largest exposures included in the scope of application, irrespective of the values of these exposures relative to the NBFC's eligible capital base.

NBFC shall also determine internal exposure limits on other important sectors to which credit is extended, and shall put in place an internal Board approved limit for exposure to the NBFC sector.

(iii) Listing and Disclosures

NBFC shall be mandatorily listed within three years of identification as NBFC-UL. Disclosure requirements shall be put in place on the same lines as applicable to a listed company even before the actual listing, as per Board approved policy of the NBFC.

(iv) Provisioning for Standard Assets

NBFC-UL shall maintain provisions in respect of 'standard' assets at the following rates for the funded amount outstanding:

- (a) at the rate 0.25% for individual loans and loans to Small and Micro Enterprises (SME);
- (b) at the rate of 2% for housing loans extended at teaser rates which will decrease to 0.40% after 1 year from date on which the rates are reset at higher rates (if accounts remain 'standard'),
- (c) at the rate of 0.75% for advances to Commercial Real Estates – Residential Housing (CRE-RH) sector;
- (d) at the rate of 1% for advances to Commercial Real Estates (CRE) Sector (other than CRE-HR);
- (e) restructured advances shall be provisioned as per the applicable prudential norms for restructuring of advances;
- (f) at the rate of 0.40% for all other loans and advances not included above, including loans to medium enterprises.

Current credit exposures arising on account of the permitted derivative transactions shall also attract provisioning requirements as applicable to the loan assets in the 'standard' category, of the concerned counterparties. All conditions applicable for treatment of the provisions for standard assets would also apply to the aforesaid provisions for permitted derivative transactions.

5. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 (the Public Deposit Directions)

The RBI's Public Deposit Directions govern the manner in which NBFCs may accept and/or hold public deposits and put the following restrictions on NBFCs in connection with accepting public deposits:

- (i) NBFCs are prohibited from accepting any public deposit which is repayable on demand.
- (ii) NBFC-ICCs (a) having minimum net owned funds of INR 2.5 million and (b) complying with all the prudential norms, shall accept or renew public deposit, together with the amounts remaining outstanding on the books of the company as on the date of acceptance or renewal of such deposit, not exceeding 1.50 times its net owned funds. NBFC-ICCs holding public deposits in excess of the limit of 1.50 times its net owned funds shall not renew or accept fresh deposits until such time they reach the revised limit.
- (iii) All NBFC-Ds having a minimum net owned fund of INR 2.5 million which accept public deposits are required to have a rating of minimum investment grade or other specified credit rating for fixed deposits from any one of the SEBI-registered credit rating agencies at least once a year investment grade and a copy of the rating is sent to the Bank along with return on prudential norms.. The minimum investment grade credit rating shall be at least 'BBB' from any of the SEBI-registered credit rating agencies. In the event of upgrading or downgrading of credit rating of any NBFC to any level from the level previously held by the NBFC, it shall within 15 working days of its being so rated inform, the RBI in writing, of such upgrading/downgrading. In the event of the downgrading of a credit rating below the minimum investment grade, the NBFC-ICC shall:
 - (a) with immediate effect, stop accepting fresh public deposits and renewing existing deposits;
 - (b) ensure that all existing deposits run off to maturity; and
 - (c) report the position, within 15 working days, to the concerned regional office of RBI where the NBFC is registered.
- (iv) An NBFC cannot invite or accept or renew, a public deposit at a rate of interest exceeding 12.5% per annum. Such interest may be paid or compounded at intervals, which shall not be shorter than monthly intervals.
- (v) An NBFC cannot grant any loan against a public deposit or make premature repayment of a public deposit until three months after the date of accepting such deposit.
- (vi) An NBFC which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit cannot grant any loan or any other credit facility or make any investment or create any other asset while the default exists.

6. Digital Lending

The RBI has issued detailed guidelines on digital lending vide circular dated September 2, 2022. All NBFCs are required to comply with the digital lending guidelines read with the circular on Key Facts Statement (KFS) for Loan and Advances dated April 15, 2024 which has been mentioned in detail hereinbelow. These guidelines allow NBFCs to enter into outsourcing arrangements by appointing lending service providers (LSP), after enhanced due diligence, as agents to carry out their lending functions. Apart from regulating the relationship between LSP and NBFCs, the guidelines also provide for obligations of NBFCs and LSP towards borrower by laying down consumer protection and conduct requirements, grievances mechanism and data collection and privacy policy.

Guidelines on Default Loss Guarantee (“DLG”) in Digital Lending (“FLDG Guidelines”) dated June 08, 2023

The FLDG Guidelines issued on June 08, 2023 are applicable to NBFCs and such other entities as specified under the FLDG Guidelines involved in DLG arrangements entered in pursuance of ‘digital lending’. As per the FLDG Guidelines, the NBFCs are required to enter into legally enforceable contract with such DLG providers to deal in DLG arrangement wherein the DLG provider guarantees to compensate the NBFCs such loss due to default up to a certain percentage of the loan portfolio as specified upfront. Such arrangement can also include any other implicit guarantee of similar nature linked to the performance of the loan portfolio of the NBFCs and specified upfront. However, guarantees that are covered under certain schemes or provided by specific entities as provided under the FLDG Guidelines are excluded from the definition of DLG.

The said FLDG Guidelines also provide for the forms of DLG that shall be recognised by the RBI, DLG cover, recognition of non-performing assets in such arrangements and recovery by NBFCs, treatment of DLG for regulatory capital, invocation and tenor of DLG. Under the FLDG Guidelines, NBFCs are required to formulate a board approved policy containing the eligibility criteria for DLG provider, nature and extent of DLG cover, process of monitoring and reviewing the DLG arrangement, and the details of the fees, if any, payable to the DLG provider before entering into legally enforceable contract with such DLG providers. Further, NBFCs are also required to ensure that LSPs with whom they have a DLG arrangement shall publish on their website the total number of portfolios and the respective amount of each portfolio on which DLG has been offered. NBFCs are required to obtain declaration certified by a statutory auditor from the DLG provider to satisfy itself that the said DLG provider would be able to honour the DLG arrangement.

7. Co-Lending by Banks and NBFCs to Priority Sector

The RBI issued a circular on November 5, 2020 (“Co-Lending Circular”) allowing banks to co-lend with all registered NBFCs (including HFCs) based on a prior agreement under ‘Co-Lending Model’ (“CLM”) by which the co-lending banks will take their share of the individual loans on a back-to-back basis in their books. The Co-Lending Circular superseded circular no. FIDD.CO.Plan.BC.08/04.09.01/2018-19 dated September 21, 2018 on co-origination of loans by banks and NBFCs for lending to priority sector which entailed joint contribution of credit at the facility level by both the lenders and also sharing of risks and rewards. However, outstanding loans in terms of the superseded circular on co-origination were allowed to be classified under priority sector till their repayment or maturity, whichever is earlier.

As per the Co-Lending Circular, NBFCs are required to retain a minimum of 20% share of the individual loans on their books. In order to enter into CLM, the banks and NBFCs are required to formulate board approved policies and place them on their website. Basis such policy, the two partner institutions may enter into a master agreement which shall *inter-alia* include, terms and conditions of the arrangement, the criteria for selection of partner institutions, the specific product lines and areas of operation, along with provisions related to segregation of responsibilities as well as customer interface and protection issues. Banks may either mandatorily take their share of the individual loans originated by the NBFCs in their books as per the terms of the said agreement, or to retain the discretion to reject certain loans after their due diligence prior to taking in their books, subject to the conditions mentioned in the Co-Lending Circular.

The Co-Lending Circular also provides for certain essential features of CLM between Banks and NBFCs such as scope of CLM, customer related issues and other operational aspects under CLM, and the key terms of the same are identified as follows:

- (i) Where the master agreement entails a prior, irrevocable commitment on the part of the bank to take into its books its share of the individual loans as originated by the NBFC, the arrangement must comply with the extant guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks issued vide RBI/2014-15/497/DBR.No.BP.BC.76/21.04.158/2014-15 dated March 11, 2015 and updated from time to time. The partner bank and NBFC shall have to put in place suitable mechanisms for ex-ante due diligence by the bank as the credit sanction process cannot be outsourced under the extant guidelines.
- (ii) Where the bank can exercise its discretion regarding taking into its books the loans originated by NBFC, the arrangement will be akin to a direct assignment transaction. Accordingly, the taking over bank shall ensure compliance with all the requirements in terms of Guidelines on Transactions Involving Transfer of Assets through Direct Assignment of Cash Flows and the Underlying Securities issued vide RBI/2011-12/540 DBOD.No.BP.BC-103/21.04.177/2011-12 dated May 07, 2012 and RBI/2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 August 21, 2012 respectively, as updated from time to time, with the exception of Minimum Holding Period (“MHP”) which shall not be applicable in such transactions undertaken in terms of this CLM. However, the MHP exemption shall be available only in cases where the prior agreement between the banks and NBFCs contains a back-to-back basis clause and complies with all other conditions stipulated in the guidelines for direct assignment.
- (iii) Furthermore, banks shall not be allowed to enter into co-lending arrangement with an NBFC belonging to the promoter group.
- (iv) The NBFC shall be the single point of interface for the customers and shall enter into a loan agreement with the borrower, which shall clearly contain the features of the arrangement and the roles and responsibilities of NBFCs and banks.
- (v) All the details of the arrangement shall be disclosed to the customers upfront and their explicit consent shall be taken.
- (vi) The co-lending banks and NBFCs shall maintain each individual borrower’s account for their respective exposures. However, all transactions (disbursements/ repayments) between the banks and NBFCs relating to CLM shall be routed through an escrow account maintained with the banks, in order to avoid inter-mingling of funds. The Master Agreement shall clearly specify the manner of appropriation between the co-lenders.

8. Master Circular on Bank Finance to Non-Banking Financial Companies, 2024 (“Master Circular”)

The said Master Circular lays down regulatory policy regarding financing of NBFCs by banks. Under the said Master Circular, the banks are allowed to extend need based working capital facilities as well as term loans to all NBFCs registered with RBI and engaged in infrastructure financing, equipment leasing, hire-purchase, loan, factoring and investment activities subject to provisions of the said Master Circular. The banks are further allowed to extend finance against second hand assets financed by NBFCs.

However, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Pursuant to this Master Circular, certain NBFC activities are ineligible for financing by banks, such as certain types of discounting and rediscounting of bills, investments of both current and long term nature by way of shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies, or lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, and unsecured loans, inter- corporate deposits provided by the NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

Furthermore, the Master Circular also imposes restrictions regarding investments made by banks in securities / instruments issued by NBFCs as follows:

- (i) Banks cannot invest in zero coupon bonds issued by NBFCs unless the issuer NBFC builds up sinking fund for all accrued interest and keeps it invested in liquid investments / securities (government bonds); and
- (ii) Banks are permitted to also invest in Non-Convertible Debentures (NCDs) with original or initial maturity up to one year issued by NBFCs. However, while investing in such instruments banks should be guided by the extant prudential guidelines in force, ensure that the issuer has disclosed the purpose for which the NCDs are being issued in the disclosure document and such purposes are eligible for bank finance in terms of instructions given in the preceding paragraphs.

Banks' exposures to a single NBFC (excluding gold loan companies) will be restricted to 20% of their eligible capital base (Tier I capital). However, based on the risk perception, more stringent exposure limits in respect of certain categories of NBFCs may be considered by banks. Banks' exposures to a group of connected NBFCs or group of connected counterparties having NBFCs in the group will be restricted to 25% of their Tier I Capital as detailed in circular on Large Exposures Framework dated June 3, 2019 read with circular on Large Exposures Framework dated September 12, 2019.

The consolidated Master Circular dated April 03, 2023 amended paragraph 5 (*Bank Finance to Factoring Companies*) of the previous April 01, 2022 framework pertaining to the same. The said paragraph has been amended to incorporate that notwithstanding the restrictions provided under paragraph 4, banks can extend financial assistance to support the factoring business of Factoring Companies, viz., 'NBFC-Factors' and 'NBFC-ICCs holding certificate of registration under the Factoring Regulation Act, 2011'. The requirements for other criteria to be fulfilled to avail bank finance as provided in the April 01, 2022 framework has been substituted to state that the factoring companies are required to fulfil the following criteria for availing bank finance: (a) to be qualified as factoring companies; and carry out their business under the provisions of the Factoring Regulation Act, 2011 and notifications issued thereunder; (b) the financial assistance extended by the factoring companies is secured by hypothecation or assignment of receivables in their favour. In addition to the above, specific criteria for NBFC-Factors has been incorporated to be eligible for bank finance which included (a) deriving of at least 50% of their income from factoring activity; (b) the receivables purchased / financed, irrespective of whether on 'with recourse' or 'without recourse' basis, form at least 50% of their assets; and (c) the assets/ income referred to at (i) and (ii) above would not include the assets/ income relating to any bill discounting facility extended by them. Further, the consolidated Master Circular dated April 24, 2024 provides for insertion of paragraph 9 to the said master circular. Paragraph 9 provides that bank's exposure to NBFCs shall be subject to capital charge as per the risk weight prescribed in paragraph 5 of Master Circular DOR.CAP.REC.4/21.06.201/2024-25 dated April 01, 2024, as updated from time to time.

9. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the Auditor's Directions)

In addition to their obligations under the Companies Act, every auditor of an NBFC, is also required to make a separate report on the accounts of the NBFC to the Board of Directors (the "**Report**") confirming, among others:

- (i) that the NBFC has obtained a CoR from the RBI and is entitled to continue to hold such CoR in terms of its principal business criteria (financial asset/income pattern) as of March 31 of the applicable year;

- (ii) that the NBFC meets the prescribed net owned fund requirement;
- (iii) that the NBFC has complied with the provisions of the Public Deposit Directions and the Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016, and its capital adequacy ratio as disclosed in the return submitted to the RBI has been correctly determined and is in compliance with the minimum capital to risk (weighted) assets ratio prescribed by the RBI;
- (iv) that the NBFC has complied with the liquid assets requirement as prescribed by the RBI in exercise of its powers under Section 45-IB of the RBI Act; and
- (v) that such company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts and standard assets as applicable to it.

The Report should contain reasons for any unfavorable or qualified statement or failure to express opinion on any matter by the auditor. The auditor is obliged to submit an exception report to the RBI in such a case.

10. Reserve Bank of India (Outsourcing of Information Technology Services) Directions dated April 10, 2023

The RBI has issued directions on outsourcing of information technology services on April 10, 2023 to ensure effective management of risks faced by the regulated entities due to such outsourcing of IT services. The said directions shall be effective from October 01, 2023 and applicable to NBFC-ML, NBFC-UL and NBFC-TL (“**Applicable NBFCs**”) on such material outsourcing of information technology as defined under the said directions. Accordingly, the existing and new outsourcing arrangements entered into by the NBFCs shall be required to comply with the provisions of the said directions in accordance with the timelines provided thereunder.

Under the said directions, Applicable NBFCs are required to consider all statutory and regulatory requirements including conditions of approval, licensing or registration, when performing its due diligence in relation to outsourcing of IT services and ensure the requirements for storage, computing and movement of data in cloud environments and outsourcing of security operations centre operations. The Applicable NBFCs intending to outsource any of its IT activities shall be required to formulate a comprehensive Board approved IT outsourcing policy which shall include, *inter alia*, (a) the roles and responsibilities of the Board, Committees of the Board (if any) and Senior Management, (b) IT function, business function and oversight and assurance functions in respect of outsourcing of IT services, (c) criteria for selection of such activities and service providers, (d) parameters for defining material outsourcing based on the broad criteria, (e) delegation of authority depending on risk and materiality, (f) disaster recovery and business continuity plans, (g) systems to monitor and review the operations of these activities and termination processes and (h) exit strategies, including business continuity in the event of a third-party service provider exiting the outsourcing arrangement. Further NBFCs also required to establish a cloud adoption policy to identify the activities that can be moved to the cloud, enable and support protection of various stakeholder interests, ensure compliance with regulatory requirements etc.

Applicable NBFCs should ensure that the rights and obligations of such NBFCs and service providers are clearly set out in a legally binding agreement allowing such NBFCs to retain adequate control over the outsourced activity and provide appropriate measures to meet legal and regulatory obligations. Under the said direction, the Applicable NBFCs shall also be required to implement a risk management framework to deal with the processes and responsibilities for identification, measurement, mitigation, management, and reporting of risks associated with outsourcing of IT services. Further, the said master direction lists out certain other requirements relating to comprehensive assessment to evaluate the need for outsourcing IT services, grievance redressal mechanism for customers, requirement to create inventory of outsourced services, responsibilities of board, senior management and IT function, aspects to be included in outsourcing agreement, aspects to be considered for due diligence of service providers, outsourcing within group/conglomerate, cross border outsourcing and requirements for exit strategy.

11. Anti-Money Laundering

The RBI issued Reserve Bank of India (Know Your Customer (“KYC”)) Directions, 2016 (“KYC Directions”) and has specified that a proper policy framework is to be put into place in NBFCs pursuant to the provisions of the Prevention of Money Laundering Act, 2002 (“PMLA”) and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The PMLA seeks to prevent money laundering and extends to all banking companies and financial institutions, including NBFCs and intermediaries. Pursuant to the provisions the PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record for (i) all cash transactions of value of more than INR 1.0 million; and (ii) all series of cash transactions integrally connected to each other which have been valued below INR 1.0 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds INR 1 million. Furthermore, all NBFCs are required take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. The KYC Directions have also been updated from time to time, with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing the customer’s identity, for customer onboarding.

The KYC Directions were recently further amended to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (“PML Rules”), (b) incorporate instructions in terms of the Government Order dated January 30, 2023, titled “*Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)*”; (c) update certain instructions in accordance with FATF Recommendations; (d) refine certain extant instructions post review and (e) update instructions on wire transfer to align the same with the relevant FATF Recommendation.

Certain key amendments include (I) change in the threshold of controlling ownership interest for determining beneficial ownership, (II) formulation / implementation of policies or programmes by NBFCs such as (a) implement group-wide programmes against money laundering and terror financing, including group-wide policies for discharging obligations under the provisions of Chapter IV of the Prevention of Money-laundering Act, 2002, (b) a board approved policy providing such robust process for enhanced due diligence for non-face-to-face customer onboarding, (c) Know Your Employee / Staff policy for personnel recruitment/hiring process and (d) to apply risk based approach and implement a customer due diligence (CDD) programme and board approved policies having regard to the ML/TF risks and the size of business for mitigation and management of the identified risk, (III) insertion of obligations of NBFCs under Unlawful Activities (Prevention) (UAPA) Act, 1967 and under the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005), (IV) insertion of definitions relating to ‘group’, ‘Non-profit organisations’, ‘Politically Exposed Persons’ for aligning the same with PML Rules along with insertion of other definitions such as ‘Shell Banks’ ‘correspondent banking’ and ‘payable-through accounts’, (V) requirement of filing Suspicion Transaction Report where the regulated entities have made non-compliance of CDD measures, (VI) to implement additional customer due diligence measures for establishing relationship with politically exposed persons (PEPs), (VII) insertion of obligation of regulated entities for undertaking countermeasures when called upon to do so by international or intergovernmental organisations of which India is a member and which are accepted by Central Government. Further, a section for wire transfers has been included to incorporate information requirements for wire transfer, responsibilities of ordering REs, intermediary REs and beneficiaries effecting such wire transfers and other obligations in respect of engagement or involvement with unregulated entities in the process of wire transfer.

Further, vide notification dated November 06, 2024 bearing the reference no. RBI/2024-2025/87 DOR.AML.REC.49/14.01.001/2024-25, the RBI has further amended the aforesaid KYC Directions in order to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 vide Gazette Notification dated July 19, 2024, (b) incorporate instructions in terms of the corrigendum dated April 22, 2024 issued by the Government of India to the Order

dated February 2, 2021 on the ‘*Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967*’, and (c) revise certain existing instructions.

12. Framework for Acceptance of Green Deposits (“Framework”) dated April 11, 2023

The Framework issued by RBI on April 11, 2023 is applicable on regulated entities enlisted therein including NBFC-D and HFCs (“**Regulated Entities / REs**”). The Framework provides REs an opportunity to offer green deposits to customers, protect interest of the depositors, aid customers to achieve their sustainability agenda, address greenwashing concerns and help augment the flow of credit to green activities/projects. Under the Framework, the green deposits are defined as interest bearing deposits, received by the REs for a fixed period and the proceeds of which are earmarked for being allocated towards green finance i.e. lending to and/or investing in the activities/projects enlisted in paragraph 7 of the Framework which contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives. The green deposits shall be denominated in Indian Rupees only. The tenor, size, interest rate and other terms and conditions as defined in the ‘Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016’ dated August 25, 2016, as amended from time to time, shall be applicable to REs for green deposits mutatis mutandis.

Further, REs are required to formulate a comprehensive board-approved policy for the issuance and allocation of green deposits and a financing framework for effective allocation of green deposits. The said Framework also provides provisions for denomination, interest rates and tenor of green deposits, independent third-party verification / assurance and impact assessment of allocation of funds raised through green deposits. Under the Framework, REs are also required to submit of review report to the board of directors in relation to green deposits and make appropriate disclosure in the annual financial statements regarding the use of the green deposit funds. The Framework also provides detailed guidelines and third-party verification/assurance of the allocation of proceeds and the impact assessment.

13. Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) dated July 15, 2024

The said master direction has been issued in supersession of Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 with a view to providing a framework for prevention, early detection and timely reporting of incidents of fraud to law enforcement agencies, RBI and National Housing Bank. These directions are applicable with immediate effect (except as specified below) to all NBFCs (including housing finance companies) in the upper layer, middle layer and in the base layer (with asset size of INR 5000 million and above). The said master directions provides for provisions relating to governance structure for fraud risk management, requirement of framework for early warning signals for detection of frauds, role of internal and external audits for detection of fraudulent activities, applicable penal measures for the persons / entities classified and reported as fraud, reporting of cases of frauds to law enforcement agencies and RBI and such other provisions in relation to the fraud monitoring and reporting in NBFCs.

Further, the said master direction require the NBFCs to formulate and establish various mechanisms, policies, frameworks etc. for fraud monitoring which includes: (i) constitution of a special committee comprising of at least two independent directors and chief executive officer to oversee the effectiveness of fraud risk management, monitor fraud cases and suggest mitigating measures; (ii) constitution of transparent mechanism to ensure that whistle blower complaints on possible fraud cases / suspicious activities in account(s) are examined and concluded appropriately under the whistle blower policy; (iii) set up of organisational structure for institutionalisation of fraud risk management within overall risk management functions / department; (iv) establishment of a framework for early warning signs to detect potential frauds in credit facilities, loan accounts, and other financial transactions (to be complied within 6 months of the date of issuance of these master directions). Further, the Master Direction provides for detailed compliances for the reporting of fraudulent cases / accounts including but not limited to (a) establishment of suitable nodal point(s) / designate officer(s) for reporting incidents of fraud to and coordination with law enforcement agencies (b) furnishing fraud monitoring returns (FMR) in individual fraud cases; (c) separate reporting of frauds perpetrated in their group entities; (d) criteria for the closure of fraud cases and maintenance of record of such

closed cases for auditors examinations; (e) reporting of theft, burglary, dacoity, and robbery cases within 7 days of their occurrence and submission of return on the same to RBI on quarterly basis.

14. Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024

The said master directions are applicable on supervised entities as defined under paragraph 2.1 of the same which includes all NBFCs except for HFCs and asset reconstruction companies. These master directions replaces the Non-Banking Finance Company Returns (Reserve Bank) Directions, 2016, on February 27, 2024 with immediate effect. The said master direction prescribes for provisions in relation to responsibilities of the board and senior management, data architecture and IT infrastructure, accuracy and integrity in reporting, applicable returns, a general description of such returns, timelines for return submissions, alternate timelines for specific returns, mode of submission of returns along with details of online portals for filing applicable returns by NBFCs.

15. The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019

The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 (“**Stressed Assets Directions**”) sets out a framework to ensure that there is an early recognition, reporting and time bound resolution of stressed assets. The Stressed Assets Directions apply to (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and, (d) Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and NBFC-Ds. Further, through the recent framework, i.e. the SBR Directions, the Stressed Assets Directions have also been made applicable to all NBFC-Ds and NBFC-NDs of an asset size of INR 5 billion. In the event of a default, the said lenders shall recognize the stress in the loan accounts and classify these loan accounts into three categories namely: (i) SMA-0, where the principal and/or interest, whether partly or wholly is overdue between 1-30 days; (ii) SMA-1, where the principal and/or interest, whether partly or wholly is overdue between 31-60 days; and (iii) SMA-2, where the principal and/or interest whether partly or wholly is overdue between 61-90 days. The said lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (“**CRILC**”), on all borrowers having aggregate exposure of INR 50 million and above with them. Once a borrower is reported to be in default by any of the lenders mentioned at (a), (b) and (c) hereinabove, the lenders shall undertake a prima facie review of the borrower account within 30 days from such default (“**Review Period**”) to inter alia decide on a resolution strategy, including nature of the resolution plan (“**RP**”). During the Review Period, for the implementation of an RP, all lenders shall enter into an inter-creditor agreement, which shall among other things provide that any decision agreed by lenders representing 75% by value of total outstanding credit facilities (fund based as well non-fund based) and 60% of lenders by number shall be binding upon all the lenders. In particular, the RPs shall provide for payment not less than the liquidation value due to the dissenting lenders, being the estimated realizable value of the assets of the relevant borrower, if such borrower were to be liquidated as on the date of commencement of the Review Period.

Due to the impact of COVID-19, the RBI, vide circular RBI/2019-20/219 DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020, decide to extend the resolution timelines under the Stressed Assets Directions, which were further extended by the RBI vide circular RBI/2019-20/245 DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020, in the following manner:

(a) accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 had to be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period had resumed from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution; and

(b) for accounts where the Review Period was over, but the 180 days resolution period had not expired as on March 1, 2020, the timeline for resolution was extended by 180 days from the date on which the 180 day period was originally set to expire.

Considering the impact of Covid-19 on the entire recovery process, the RBI came out with the Resolution Framework for COVID-19-related stress which is applicable to all eligible borrowers vide its notification no.

RBI/2020-21/16 DOR. No. BP. BC /3/21.04.048/2020-21 dated August 6, 2020. The RBI also issued notification. no. RBI/2020-21/17 DOR. No. BP. BC/4/21.04.048/2020-21 dated August 6, 2020 in relation to guidelines on Micro, Small and Medium Enterprises Sector – Restructuring of Advances where under the NBFCs were required to invoke the resolution by December 31, 2020. In furtherance of the same, the RBI had issued Resolution Framework 2.0 which is applicable to all eligible borrowers vide its notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 for Individuals and Small Businesses and vide its notification no. RBI/2021-22/32 DOR.STR. REC.12/21.04.048/2021-22 dated May 5, 2021 for Micro, Small and Medium Enterprises (MSMEs) where under the NBFCs were required to invoke the resolution by September 30, 2021.

Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“HFC Master Directions”)

The HFC Master Directions apply to every housing finance company registered under the National Housing Bank Act, 1987. The RBI Master Directions defines ‘housing finance company’ as a company incorporated under the Companies Act and which is (a) 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. The HFC Master Directions governs the activities of NBFC involved in housing finance business and provides for the definitions 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. The housing finance companies governed under the HFC Master Directions are required to maintain a minimum net owned fund of INR 200 million and a minimum capital ratio on an ongoing basis, consisting of tier I and tier II capital of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. The said HFC Master Directions are applicable to Shriram Housing Finance Limited, a subsidiary of the Company involved in housing finance business and registered under the National Housing Bank Act, 1987.

RBI Notification on Regulatory Measures towards Consumer Credit and Bank Credit to NBFCs dated November 16, 2023

The RBI has issued certain measures for banks and NBFCs to curb the high growth in certain components of consumer credit. The following measures / instructions taken by RBI comes into force with immediate effect: (a) increase the risk weights in respect of consumer credit exposure of commercial banks (outstanding as well as new), including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25% points to 125%, (b) increase the risk weights in respect of consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125%, (c) increase the risk weights on credit card receivables by 25% points to 150% and 125% for scheduled commercial banks (SCBs) and NBFCs respectively, (d) increase of risk weight on exposures of SCBs to NBFCs by 25% points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100% however, for this purpose loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector in terms of the extant instructions shall be excluded.

In furtherance of the above, all the regulated entities (commercial banks and NBFCs) are required to comply with the following at the earliest and implement in any case no later than February 29, 2024: (a) to review their extant sectoral exposure limits for consumer credit, (b) to put in place, if not already there, board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the boards however, in particular mandatorily set limits for all unsecured consumer credit exposures, (c) to strictly adhere to the limits fixed by the board and the same shall be monitored on an ongoing basis by the Risk Management Committee. Additionally, the regulated entities are required to treat all top-up loans extended by REs against movable assets which are inherently depreciating in nature, such as vehicles, as unsecured loans for credit appraisal, prudential limits and exposure purposes and the same shall be complied with immediate effect.

RBI Notification on Investments in Alternative Investment Funds (AIFs) dated December 19, 2023 read with the notification dated March 27, 2024

NBFCs shall not make investment in any scheme of AIFs which have downstream investments, either directly or indirectly, in a debtor company i.e. company in which the company has currently or previously had a loan or investment exposure anytime during the preceding 12 months. Such downstream investments shall exclude investments in equity shares of the debtor company of the NBFC, but shall include all other investments, including investment in hybrid instruments. If NBFC has already invested in such AIF scheme, then it shall liquidate the same within 30 days of this circular; and for instances where an AIF scheme, in which RE is already an investor, makes a downstream investment in any such debtor company, then it shall liquidate the same within 30 days of the date of such downstream investment by the AIF. If NBFC couldn't able to liquidate within 30 days, it shall make 100 percent provision on such investments and such provisioning shall be required only to the extent of investment by the NBFC in the AIF scheme which is further invested by the AIF in the debtor company, and not on the entire investment of the NBFC in the AIF scheme. Further, investments in subordinated units of any AIFs with 'priority distribution model' shall be subject to full deductions from regulated entity's capital funds. Such deduction from capital shall take place equally from both Tier 1 and Tier 2 capital. However, the said requirement of priority distribution model shall only be applicable in cases where AIFs do not have any downstream investment in the debtor company of NBFCs however, where the NBFCs have made investment in subordinate units of AIFs which has downstream exposure to the debtor company then such NBFCs shall be prohibited from making such investment and shall be required to liquidate their investments as specified above.

Further, it has been clarified that (a) the investment in subordinated units of AIF schemes includes all forms of sub-ordinated exposures including investment in the nature of sponsor units and (b) the aforesaid circular shall not be applicable to investments by NBFCs in AIFs through intermediaries such as fund of funds or mutual funds.

Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023

The said master direction incorporates, consolidates and updates the guidelines, instructions and circulars on IT governance, risk, controls, assurance practices and business continuity/ disaster recovery management and thereby repealing the earlier 'Master Direction – Information Technology Framework for the NBFCs, June 08, 2017' to the extent of its applicability to NBFCs under the Top Layer, Upper Layer and Middle Layer on and from April 01, 2024. These directions are applicable to the regulated entities which includes: (a) All banking companies including foreign banks, small finance banks and payments banks, corresponding new banks and State Bank of India, (b) NBFCs' included in the 'Top Layer', 'Upper Layer' and 'Middle Layer'; (c) Credit Information Companies; (d) EXIM Bank, National Bank for Agriculture and Rural Development, National Bank for Financing Infrastructure and Development, National Housing Bank and Small Industries Development Bank of India as incorporated under their respective regulations. However, local area banks and NBFC-Core Investment Companies are exempted from the applicability of the said master direction. Further, foreign banks operating in India through branch mode shall be required to follow 'comply or explain' approach to deviate from any specific part of this master direction however, the same shall be subject to examination and acceptance by Reserve Bank of a reasonably justifiable explanation for the same, as part of the supervisory process.

The said Master Directions require the REs to put in place certain frameworks / policies and lays down the guidelines for (a) role of board of directors, senior management and committees established under the Master Directions, (b) establishment of IT strategy committee and IT steering committee, (c) appointment of head of IT function who shall be sufficiently senior level, technically competent and experienced official in IT related aspects, (d) infrastructure and services management which includes necessary audit and system logging capability and requirement for audit trails, (e) conduct of periodic risk assessment and vulnerability assessment / penetration testing for critical and non-critical information, as may be decided, (f) establishment of processes to improve incident response and recovery activities and capabilities through lessons learnt from past incidents as well as from the conduct of tests and drills, (g) systems and processes for business continuity

and disaster recovery management, and (h) a separate Information Systems audit function or resources who possess required professional skills and competence within the internal audit function.

Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023

In order to strengthen the internal grievance redress mechanism within the regulated entities and to ensure speedy resolution of customer complaints, the RBI has issued master direction, effective from December 29, 2023, detailing the requirements for appointment of internal ombudsman, appointment of deputy internal ombudsman, their qualifications, tenure, reporting requirement, roles and responsibilities, removal, vacancy, procedure for complaint redressal by internal ombudsman etc. The said master direction is applicable to, among others, NBFCs-D with 10 or more branches or NBFCs-ND with asset size of INR 50,000 million and above and having public customer interface. Such NBFCs are mandatorily required to appoint an internal ombudsman, who satisfies the qualifications in terms of the said directions and, at their sole discretion, may appoint more than one internal ombudsman or a deputy internal ombudsman depending on the volume of complaints received. Such internal ombudsman shall be designated as an ex-officio member or a permanent invitee to the meetings of the committee of the board of NBFCs handling customer service and protection. In terms of the said direction, applicable NBFCs shall be required to: (a) depute such number of its officers or other staff to the office of the internal ombudsman as is considered necessary; (b) through its customer service committee / consumer protection committee, determine the structure of emoluments, facilities and benefits accorded to the internal ombudsman / deputy internal ombudsman keeping in view their stature and position; (d) conduct an internal audit for implementation of the aforesaid directions on yearly basis; (e) require the customer service committee / consumer protection committee to discuss such cases where decision of internal ombudsman has been rejected by it and take approval from RBI for rejecting such cases; (f) formulate a standard operating procedure and establish a fully automated complaints management software for auto-escalation of such complaints to internal ombudsman which are partly or wholly rejected by NBFCs internal grievance redress mechanism; (e) widely disseminate the guidelines / instructions regarding these directions among their staff while communicating the appointment of internal ombudsman; (f) make periodic reporting of information pertaining to grievance redressal to Consumer Education and Protection Department, Central Office, RBI, on a quarterly and annual basis in the specified formats.

Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024

The said master direction issued by RBI on January 03, 2024 are applicable on all persons/agencies dealing in commercial paper and/or non-convertible debentures of original or initial maturity upto one year and the same have been made effective from April 01, 2024. The eligible issuers under the said master directions include NBFCs. The issuance under these directions is subject to condition that all fund-based facilities availed, if any, by the eligible issuer from banks/ All India Financial Institutions/ NBFCs are classified as ‘standard’ at the time of issue. The said master direction provides for, among other provisions, a list of eligible investors, general guidelines (in relation to primary issuance, discount / coupon rate, credit enhancement, end-use of funds, rating requirement, primary and secondary market related conditions, buy-back, repayment, default, market timing and practices), reporting requirements, roles and responsibilities of (a) issuing and paying agent, (b) debenture trustee, and (c) credit rating agency. Further, it has been stated that the public deposit directions shall not be applicable to the NBFCs raising funds by issuance of commercial papers in accordance with the aforesaid master directions.

Circular on Key Fact Statement (KFS) for loans and advances dated April 15, 2024

In order to harmonize the instructions on the same and enhance transparency, the RBI has issued a circular on April 15, 2024 replacing certain instructions in relation to key fact statement and disclosure of annual percentage rate in Circular on ‘Display of information by banks’ dated January 22, 2015, Master Direction on ‘Regulatory Framework for Microfinance Loans’ dated March 14, 2022 and ‘Guidelines on Digital Lending’ dated September 2, 2022. The aforesaid circular shall be applicable on all retail and MSME term loans extended by all regulated entities (including NBFCs) and are required to be complied with on or after October 01, 2024. The said circular provides as follows: (a) definition of the following terms ‘Key Facts’, ‘Key Fact Statement (“KFS”)', ‘Annual Percentage Rate (“APR”)' and ‘Equated Periodic Instalment (EPI)’; (b) require

NBFCs to provide a KFS to all prospective borrowers before executing the loan contract as per the standardised format; (c) to include KFS as summary box attached in the loan agreement; (d) provide for the following in KFS: unique proposal number, computation sheet of APR, the amortisation schedule of the loan over the loan tenor, validity period of KFS as prescribed in the circular, (d) NBFCs to include all charges which are levied by it including charges recovered on behalf of third-party service providers on actual basis in the APR and provide all receipts and related documents to borrower for each payment from time to time; (e) NBFCs should not charge any fees or charges not mentioned in the KFS at any stage during the term of the loan, without explicit consent of the borrower. Further, it has been specified that credit card receivables are exempted from the provisions of the aforesaid Circular.

Circular on Fair Practice Code for Lenders – Charging of Interest dated April 29, 2024

The RBI has observed certain unfair practices followed by regulated entities including NBFCs in relation to charging of interest rates. In view of the same, NBFCs have been directed to review their practices regarding mode of disbursement of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary, to address the issues highlighted above. NBFCs are also being encouraged to use online account transfers in lieu of cheques being issued in a few cases for loan disbursement.

Guidance Note on Operational Risk Management and Operational Resilience dated April 30, 2024

In order to promote and further improve the effectiveness of operational risk management of the regulated entities (“REs”), and enhance their operational resilience given the interconnections and interdependencies, within the financial system, the RBI has issued a guidance note on operational risk management and operational resilience on April 30, 2024 (“**Guidance Note**”). This Guidance Note updates the “Guidance Note on Management of Operational Risk” dated October 14, 2005 which was not applicable on NBFCs however, the updated Guidance Note has been made applicable on NBFCs as well. As per the SBR Directions, the NBFCs may make use of the said Guidance Note, as may be amended from time to time. The Guidance Note has adopted a principle-based and proportionate approach to ensure smooth implementation across REs of various sizes, nature, complexity, geographic location and risk profile of their businesses. The Guidance Note has been built on three pillars i.e. (i) prepare and protect, (ii) build resilience and (iii) learn and adapt.

Pillar 1 consists of 3 lines of defence of management of operational risk: (i) Business unit management which is responsible for identifying and managing the risks inherent in the products, services, activities, processes and systems for which it is accountable. REs are required to develop a policy defining roles and responsibilities of relevant business units; (ii) organisational operational risk management function including compliance function whereunder RE should, among other things, develop and maintain operational management and measurement policies, standards, guidelines and should have a reporting structure independent of the risk-generating business units (iii) audit function which should provide an independent assurance to the board regarding the appropriateness of RE’s operational risk management function and such independent review is carried out by RE’s internal or external audit and / or qualified independent third parties.

The Guidance Note further provides for several principals for each pillar which requires REs to formulate and establish various mechanisms, criteria, committee, frameworks, systems, policies, code of conducts including, but not limited to, the following: (a) an operational risk management framework should be fully integrated into the overall risk management processes of the RE and should be comprehensively documented in board approved policies; (b) Board approved policy on management of service providers for managing risks associated with reliance on third parties whether related or unrelated to RE; (c) forward-looking business continuity plan with scenario analyses associated with relevant impact assessments and recovery procedures; (d) a robust information and communication technology risk management programme including cyber security, etc.

Master Direction on Treatment of Wilful Defaulters and Large Defaulters dated July 30, 2024.

The said master direction aims to ensure a transparent and non-discriminatory process for classifying a borrower as wilful defaulters by the lenders and establish a system to disseminate credit information about wilful defaulters for cautioning other lenders. The said direction shall be effective from October 30, 2024 and is applicable to: (a) ‘lenders’ which is defined as All India Financial Institutions, a bank, or NBFC which has

granted a credit facility to the borrower; (b) asset reconstruction companies, and CICs (required to comply only reporting requirements contained in Chapter III of the said master directions). Further, irrespective of whether the entities fall within the definition of 'lender' (as provided above), the restrictions on further financial accommodation to wilful defaulters and the provisions regarding large defaulters contained in these directions shall apply to all entities regulated by the RBI.

The directions provides for detailed process of identifying and classifying wilful defaulters, specific measures against wilful defaulters, requirement for transparent mechanism for the entire process of identification of wilful defaulters, role of internal audit. Among other things, the directions also outlines (a) the procedures for reporting and dissemination of credit information on wilful defaulters and large defaulters to CICs, (b) treatment of compromise settlement with respect to wilful defaulters, (c) treatment of defaulted loans sold to other lenders and asset reconstruction companies, (d) treatment of accounts where resolution is done under Insolvency and Bankruptcy Code, 2016 / resolution framework guidelines issued by the RBI, (e) preventive measures to be undertaken by lenders along with role of statutory auditors and third parties in preventing wilful defaults and identifying them at an early stage.

RBI notification on frequency of reporting of credit information by Credit Institutions ("CIs") to Credit Information Companies ("CICs") dated August 8, 2024.

The said notification amends the existing notification bearing no. RBI/2014-2015/405 DBR.No.CID.BC.60/20.16.056/2014-15 dated January 15, 2015 in relation to the frequency and timeliness of credit information reporting by CIs to CICs to reflect more current information enabling lenders to make informed credit decisions. Accordingly, the CIs are now required to update the credit information collected/maintained by them on a fortnightly basis, (i.e. as on 15th and the last day of each month), or at even shorter intervals as mutually agreed between the CIs and the CICs. The fortnightly submission of credit information by CIs to CICs shall be ensured within 7 calendar days of the relevant reporting fortnight. Further, CICs are required to ingest credit information data received from CIs within 5 calendar days now which was earlier 7 calendar days. CICs are directed to provide a list of CIs which are not adhering to the fortnightly data submission timelines to RBI at half yearly intervals for information and monitoring purposes.

These instructions will come into effect from January 1, 2025. However, CIs and CICs are encouraged to implement the new reporting schedule as soon as feasible but not later than January 1, 2025.

RBI notification on review of regulatory framework for HFCs and harmonisation of regulations applicable to HFCs and NBFCs dated August 12, 2024

The said notification under Part B Section III (Guidelines regarding Acceptance of Public Deposits) amends the Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 which shall be effective from January 1, 2025.

The following amendments have been proposed in the various provision of the said master direction which includes (i) NBFCs are advised to devise a proper system of acknowledging the receipt of duly completed form of nomination, cancellation and/or variation of the nomination, (ii) In order to meet certain expenses of an emergent nature such as medical issues or natural calamities / disaster as notified by the concerned government/ authority, subject to the satisfaction of the NBFC concerned about such circumstances, NBFCs (excluding problematic ones) may allow premature payment of tiny deposits and other public deposits at the request of depositors before the expiry of three months from the date of acceptance of such deposits. While in case of other public deposits premature payment of up to 50% of the principal sum of deposit or INR 0.5 million, whichever is lower, is allowed in cases of critical illness, 100% of the principal sum of deposit may be prematurely paid; (iii) Further, period of intimation in relation to details of maturity of the deposit to the depositor has been reduced from 2 months to 14 days; (iv) NBFCs are required to maintain a centralized computer database of particulars/ details of the deposits as required under the paragraph 29 of the said master direction provided the authenticated particulars of public deposits are sent to the respective branches, updating the information on quarterly basis, every year irrespective of the fact that the branch does not open deposit accounts; and (v) the provisions of paragraph 33(5) of the said directions are withdrawn since approved securities are now being maintained in dematerialization form. Further, it is advised that audit committee of applicable NBFCs must ensure that an Information System Audit is conducted as per the periodicity prescribed

in Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023, as amended from time to time.

RBI notification on gold loans – Irregular practices observed in grant of loans against pledge of gold ornaments and jewellery dated September 30, 2024

The RBI recently conducted a review of adherence to prudential guidelines as well as practices being followed by the supervised entities (including NBFCs) with regard to loans against pledge of gold ornaments and jewellery. The said review and on-site examination of select supervised entities indicated several irregular practices. Such irregularities have been mentioned in detail in the said notification and certain major deficiencies include (i) shortcomings in use of third parties for sourcing and appraisal of loans; (ii) valuation of gold without the presence of the customer; (iii) inadequate due diligence and lack of end use monitoring of gold loans; (iv) lack of transparency during auction of gold ornaments and jewellery on default by the customer; (v) weaknesses in monitoring of LTV; and (vi) incorrect application of risk-weights, etc. The RBI has advised the supervised entities to comprehensively review their policies, processes and practices on gold loans to identify gaps, including the irregularities highlighted in the said notification, and initiate appropriate remedial measures in a timebound manner. Further, it is advised that the gold loan portfolio should be closely monitored and adequate controls should be in place over outsourced activities and third-party service providers. The RBI has directed the supervised entities to inform all such actions taken by them in relation to the aforesaid irregularities to the Senior Supervisory Manager (SSM) of RBI within 3 months of the date of the said notification.

RBI notification on Implementation of Credit Information Reporting Mechanism subsequent to cancellation of license or Certificate of Registration dated October 10, 2024

The Credit Information Companies (Regulation) Act, 2005 (CICRA) stipulates that only Credit Institutions (“CIs”) can furnish credit information to Credit Information Companies (“CICs”). Section 17(1) of CICRA mandates that CICs can collect credit information from its member CIs or member CICs only. Therefore, only the entities that are covered under the ambit of section 2(f) of CICRA, 2005 can submit credit information to CICs. In view of the same, entities whose license or certificate of registration has been cancelled by the RBI can no longer be deemed as CIs under CICRA and their credit information cannot be accepted by CICs and in such cases repayment history of borrowers of these entities is not updated event post repayment or clearance of their dues. In order to redress the hardship faced by such borrowers, RBI has directed CICs and CIs to implement a credit information reporting mechanism subsequent to the cancellation of the license / CoR of banks / NBFCs as per procedure laid down in the said notification. It is further stated that these CIs shall continue to be governed by the provisions of CICRA, rules and regulations framed thereunder and directions issued by the RBI from time to time. The said instructions shall be implemented within 6 months of the date of the said notification.

Recent Policy Measures undertaken By RBI

Statement on Developmental and Regulatory Policies dated February 08, 2024

The RBI through its ‘Statement on Developmental and Regulatory Policies February 08, 2024’ has set out various developmental and regulatory policy measures relating to (i) financial markets, (ii) regulations, and (iii) payment systems and fintech. Certain measures that may be of note as proposed by RBI are as follows: (a) to review the regulatory framework for electronic trading platforms (ETPs) and issue revised framework considering increased integration of the offshore forex market with offshore markets and notable developments in technology landscape; (b) to allow resident entities to hedge the price of gold in the over the counter segment in the International Financial Services Centre; (c) to streamline the onboarding process, including mandatory due diligence, for Aadhaar Enabled Payment System (AePS) touchpoint operators, to be followed by banks; (d) to adopt a principle-based ‘Framework for authentication of digital payment transactions’ to facilitate use of alternative authentication mechanism for digital security; (e) to introduce programmability and offline functionality in central bank digital currency pilot to enable additional uses and enabling transactions in areas with poor or limited internet connectivity.

Statement on Developmental and Regulatory Policies dated April 05, 2024

The RBI through its ‘Statement on Developmental and Regulatory Policies April 05, 2024’ has set out various developmental and regulatory policy measures relating to (i) financial markets, (ii) regulations, and (iii) payment systems and fintech. Certain measures that may be of note as proposed by RBI are as follows: (a) to permit eligible foreign investors in the International Financial Services Centre (IFSC) to also invest in sovereign green bonds; (b) in furtherance of retail direct scheme whereunder individuals invest in government securities through primary auctions and the NDS-OM platform, a mobile application of the retail direct portal is being developed which will enable investors to buy and sell instruments on the go; (c) to make certain modifications to the liquidity coverage ratio framework towards facilitating better management of liquidity risk faced by banks; (d) to allow small finance banks to deal in permissible rupee interest derivative products in terms of Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019; (e) to facilitate cash deposit facility through use of UPI; (f) to permit linking of PPIs through third-party UPI applications which will enable the PPI holders to make UPI payments like bank account holders; (g) to make central bank digital currency (CBDC) -retail accessible to a broader segment of users in a sustained manner, by enabling non-bank payment system operators to offer CBDC wallets.

Statement on Developmental and Regulatory Policies dated June 07, 2024

The RBI through its ‘Statement on Developmental and Regulatory Policies June 07, 2024’ has set out various developmental and regulatory policy measures relating to (i) regulations, and (ii) payment systems and fintech. Certain measures that may be of note as proposed by RBI are as follows: (a) to revise the definition of bulk deposits as ‘single rupee term deposits of INR 30 million and above’ for SCBs (excluding RRBs) and SFBs and to define the bulk deposit limit for local area banks as ‘single rupee term deposits of INR 10 million and above’ as applicable in case of RRBs; (b) to rationalise existing guidelines on export and import of goods and services to simplifying operational procedures for all stakeholders; (c) to set up a digital payments intelligence platform which will harness advanced technologies to mitigate payment fraud risks; (d) to introduce an automatic replenishment facility for payments such as replenishment of balances in Fastag, NCMC, etc. which are recurring in nature but without any fixed periodicity, into the e-mandate framework and exempt requirement of pre-debit notification for such payments made from customer’s account; (e) to bring UPI Lite within the ambit of the e-mandate framework by introducing an auto-replenishment facility for loading the UPI Lite wallet by the customer, if the balance goes below a threshold amount set by him/her; (f) to organize third edition of global hackathon aimed at enhancing safety and security of digital transactions with focus on detecting, preventing and combating financial frauds.

Minutes of the Monetary Policy Committee Meeting, August 06 to 08, 2024

On the basis of an assessment of the current and evolving macroeconomic situation, the MPC at its meeting on August 8, 2024 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50%. Consequently, the standing deposit facility (SDF) rate remained unchanged at 6.25% and the marginal standing facility (MSF) rate and the bank rate at 6.75%. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth.

Statement on Developmental and Regulatory Policies dated August 8, 2024

The RBI through its ‘Statement on Developmental and Regulatory Policies August 08, 2024’ has set out various developmental and regulatory policy measures relating to (i) regulations, and (ii) payment systems and fintech. Certain measures that may be of note as proposed by RBI are as follows: (a) to create a public repository of digital lending apps deployed by the regulated entities in order to aid customers in verifying the claim of digital lending app’s; (b) to enhance the limit for tax payments through UPI from INR 0.1 million to INR 0.5 million per transaction; (c) to introduce ‘delegated payments’ in UPI which would allow the primary user to set up a UPI transaction limit for secondary user on the primary user’s bank account; (d) to improve the efficiency of cheque clearing and reduce settlement risk for participants, it is proposed to transition Cheque Truncation System (CTS) from the current approach of batch processing to continuous clearing with ‘on-realisation-settlement’ consequently the clearing cycle will reduce from the present T+1 days to a few hours.

Minutes of the Monetary Policy Committee Meeting, October 07 to 09, 2024

On the basis of an assessment of the current and evolving macroeconomic situation, the MPC at its meeting on October 09, 2024 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50%. Consequently, the standing deposit facility (SDF) rate remained unchanged at 6.25% and the marginal standing facility (MSF) rate and the bank rate at 6.75%. The MPC also decided to change the monetary policy stance to 'neutral' and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth.

Statement on Development and Regulatory Policies dated October 09, 2024

The RBI through its 'Statement on Developmental and Regulatory Policies on October 09, 2024' has set out various developmental and regulatory policy measures relating to (i) to cover the loans to Micro and Small Enterprises (MSEs) by the regulated entities of the RBI in the scope of regulations relating to levy of foreclosure charges / pre-payment penalties; (ii) a discussion paper will be issued based on the recommendation of a working group in relation to issue and regulation of share capital and securities for Primary (Urban) Co-operative Banks (UCBs); (iii) in order to bridge the gaps in relation to climate related data, RBI proposes to create a data repository namely, the Reserve Bank – Climate Risk Information System (RB-CRIS) comprising of two parts wherein the first part will be a web-based directory, listing various data sources, (meteorological, geospatial, etc.) which will be publicly accessible in the RBI website and the second part will be a data portal comprising of datasets (processed data in standardized formats), access to which will be made available only to the regulated entities in a phased manner.; (iv) to enhance the limits of UPI123Pay and UPI Lite in order to encourage wider adoption; (v) it is now proposed to introduce a 'beneficiary account name look-up facility' to enable remitters in RTGS and NEFT to verify the name of the beneficiary account holder before initiating funds transfer.

Minutes of the Monetary Policy Committee Meeting, December 04 to 06, 2024

On the basis of an assessment of the current and evolving macroeconomic situation, the MPC at its meeting on December 06, 2024 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50%. Consequently, the standing deposit facility (SDF) rate remained unchanged at 6.25% and the marginal standing facility (MSF) rate and the bank rate at 6.75%. The MPC also decided to continue with the neutral monetary policy stance and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth.

Statement on Development and Regulatory Policies dated December 06, 2024

The RBI through its 'Statement on Developmental and Regulatory Policies' on December 06, 2024 has set out various developmental and regulatory policy measures relating to (i) liquidity and financial markets, (ii) regulation, (iii) communication, (iv) financial inclusion, (v) payment systems and (vi) fintech. Certain measures that may be of note as proposed by RBI are as follows: (i) In order to restore the cash reserve ratio ("CRR") prevailing before the policy tightening cycle in April 2022, it has been decided to reduce the CRR of all banks; (ii) In order to attract more capital inflows, it has been decided to increase the interest rate ceilings on FCNR(B) deposits; (iii) It is proposed to link the FX-Retail platform with Bharat Connect in a phased manner to enable users to register and transact on the said platform through the apps of banks and non-bank payment system providers which are integrated with Bharat Connect; (iv) Based on the recommendation of the committee on MIBOR Benchmark, it is proposed to develop a benchmark based on the secured money markets (both basket repo and TREP) – the Secured Overnight Rupee Rate (SORR); (v) RBI proposes to launch a programme 'Connect 2 Regulate' under the ongoing RBI@90 commemorative events which shall provide an opportunity to stakeholders to share their ideas and inputs on the topics announced by the RBI from time to time; (vi) To harness the benefits of Artificial Intelligence / Machine Learning, it is proposed to constitute a committee to develop a framework for responsible and ethical enablement of AI in the financial sector.

RBI notification on Maintenance of Cash Reserve Ratio (CRR) dated December 06, 2024

In furtherance of the Statement on Developmental and Regulatory Policies' dated December 06, 2024, the RBI vide notification no. RBI/2024-25/95 DoR.RET.REC.52/12.01.001/2024-25 dated December 06, 2024 notified that the average cash reserve ratio (CRR) required to be maintained by every bank shall be 4.25 per cent of its net demand and time liabilities effective from the reporting fortnight beginning December 14, 2024 and 4.00 per cent of net demand and time liabilities effective from fortnight beginning December 28, 2024.

Direct Listing of Equity Shares in Permissible Jurisdictions

The Central Government has recently allowed direct listing of equity shares by public Indian companies on international exchanges by amending the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("**FEMA Rules**"). Schedule XI of the FEMA Rules imposes certain conditions on public Indian companies for issue or offer of equity shares of existing shareholders including, but not limited to, compliance with prohibited activities and sectoral caps prescribed under the FEMA Rules and obtaining prior government approval, wherever applicable. Schedule XI further provides for the definition of permissible holder, eligibility of public Indian company or existing shareholders of public Indian company to issue / offer equity shares, obligations of public company, voting rights of permissible holder and pricing of equity shares.

Earlier, through the Companies (Amendment) Act, 2020, enabling provisions were included in the Companies Act, 2013, to allow direct listing of prescribed class(es) of securities of prescribed class(es) of public companies incorporated in India on permitted stock exchanges in permissible foreign jurisdictions or other prescribed jurisdictions. The enabling provisions of the Companies (Amendment) Act, 2020 were, accordingly, brought into force with effect from 30th October, 2023. In furtherance of the same, the ministry of corporate affairs has published Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024 which shall be applicable on unlisted public companies and listed public companies. The said rules provides for eligibility criteria for issuing equity shares on international exchanges and compliance requirement for unlisted public companies which intends to be listed on permitted stock exchanges in permissible jurisdictions. As of now, India International Exchange and NSE International Exchange have been recognised as the permitted stock exchanges and International Financial Services Centre in India as permitted jurisdiction under the aforesaid rules.

International Financial Services Centre Authority (Listing) Regulations, 2024

The International Financial Services Centre Authority ("**IFSCA**") is a statutory authority established under the International Financial Services Centre Authority Act, 2019 ("**IFSCA Act**") for the development and regulation of financial products, financial services and financial institutions situated at the International Financial Services Centres ("**IFSC**") set up under section 18 of the Special Economic Zones Act, 2005. IFSCA in 2024, issued the said regulations that are applicable to the following issuances in an IFSC:

- (a) an initial public offer of specified securities by an unlisted entity;
- (b) a follow-on public offer of specified securities by a listed entity;
- (c) an initial public offer of specified securities by a Special Purpose Acquisition Company;
- (d) a rights issue or a preferential issue or a qualified institutions placement of specified securities by a listed entity;
- (e) issuance and listing of depository receipts by an entity;
- (f) issue and listing of debt securities by an entity;
- (g) secondary listing of securities by an entity; and
- (h) listing of commercial paper or certificates of deposit or other financial products as permitted by the IFSCA.

These regulations provide a comprehensive regulatory framework for issuance of securities in IFSCs in suppression of the provisions relating to issuance and listing of securities specified under the International Financial Services Centre Authority (Issuance and Listing of Securities) Regulations, 2021.

(II) Regulation of Corporates

Companies Act

Our Company is a company incorporated under the Companies Act, 1956 and therefore governed by its provisions and the rules made thereunder (as amended and replaced from time to time). The Companies Act, 2013 has replaced the Companies Act, 1956.

The Companies Act, 2013 intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures such as: (i) increasing the accountability and transparency of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and shareholder activism by introducing provisions relating to class action suits; (vi) ensuring protection of minority rights, including exit options; (vii) promoting e-governance and green initiatives; (viii) ensuring stricter enforcement standards including establishment of the Serious Fraud Investigation Office for investigation of fraud relating to companies and special courts for summary trial of offences under the Companies Act, 2013; (ix) a better framework for insolvency regulation by setting up of robust insolvency and bankruptcy laws; (x) making CSR mandatory for every company having a net worth of INR 5,000.00 million or more, or turnover of INR 10,000.00 million or more or a net profit of INR 50.00 million or more during the immediately preceding fiscal year and mandating such companies to spend at least 2% of the average net profits during the preceding three years; (xi) introducing the National Company Law Tribunal and its appellate authority the National Company Law Appellate Tribunal, which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority, with the intention that all lawsuits relating to companies are made to one body; (xii) providing rules on insider dealing, forward contracts, related party transactions and acceptance of deposits; and (xiii) the implementation of a fixed and variable legislation model with various provisions of the Companies Act, 2013 delegating rule making power to the Central Government. The Companies Act, 2013 has introduced various sections which significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies, including the Company. For transition purposes, the Companies Act, 2013 encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered and registers and statutory records maintained under the Companies Act, 1956 (unless contrary to the Companies Act, 2013) will continue to be valid under the Companies Act, 2013, as amended from time to time.

(III) Regulation of Foreign Investment

1. Foreign Exchange Management (Non – debt Instruments) Rules, 2019

The RBI issued Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (“**FEMA Rules**”) to replace the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2017. As per the FEMA Rules, FDI under the automatic route is permitted for investment in “Other Financial Services” which mean financial services activities regulated by financial sector regulators, viz., Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority, National Housing Bank or any other financial sector regulator as may be notified by the Government of India, subject to certain conditions. Further, the DIPP by way of press note no. 3 (2020 series) amended the FEMA Rules by restricting foreign direct investments by an entity of any country which shares a border with India or where the beneficial owner of an investment into India is situated in, or is a citizen of such a country, only through the Government approval route. FEMA Rules have been further amended and certain key changes are as follows: (i) change in definition of control and start-up company; (ii) insertion of new section 9A relating to swap of equity instruments allowing investors to enter into cross border share swap arrangements; (iii) insertion of explanation in relation to indirect foreign investment; (iv) omission of threshold of 49% for the requirement of government approval by foreign portfolio investors and replacing the same with aggregate sectoral or statutory cap provided such transfer of ownership and/ or control of the resident Indian company from resident Indian citizens to persons resident outside India; (v) insertion of new sector i.e. White Label ATM Operations under 100% automatic

approval subject to following conditions (I) any non-bank entity intending to set up White Label ATMs (WLAs) should have a minimum net worth of 1000 million as per the latest financial year's audited balance sheet, to be maintained at all times (II) In case the entity is also engaged in any 'Other Financial Services' referred to in Sl. No. F.10 above, then the foreign investment in the company setting up WLA shall also comply with the minimum capitalization norms, if any, for foreign investments in such 'Other Financial Services'; (III) FDI in the WLAO will be subject to the specific criteria and guidelines issued by the Reserve Bank under the Payment and Settlement Systems Act, 2007 (51 of 2007).

2. Foreign Direct Investment

Foreign direct investment ("FDI") in an Indian company is governed by the provisions of the FEMA read with the FEMA Rules, the Master Directions on Foreign Investment in India issued by the RBI from time to time, the latest being January 4, 2018 (and updated till August 08, 2024) and the consolidated FDI Policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector concerned. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies. Indian companies receiving investment as consideration for issue of capital instruments are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities.

Under the approval route, prior approval from the relevant administrative ministry/department of the Government of India or RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Furthermore, as per the sector specific guidelines of the Government, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guideline of the RBI in this regard.

In addition:

- (i) FDI in NBFCs shall be subject to conditionalities, including minimum capitalization norms, as specified by the RBI or relevant department of the Government of India.
- (ii) Every NBFC-UL must submit quarterly returns (DNBS-01, DNBS-03 and DNBS-04A) within twenty one days from the expiry of the quarter and monthly return (DNBS04B) within a period of fifteen days of the expiry of the month to which it pertains in the prescribed form through online system.
- (iii) FDI in investing companies registered as NBFCs with RBI will be under 100% automatic route.

Where FDI is allowed on an automatic basis without governmental approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report within 30 days from the date of issue of the shares to the non-resident purchaser.

(IV) Regulation of External Commercial Borrowings (ECBs)

The current laws relating to ECBs as applicable to the issue of the Notes are embodied in the Master Directions on External Commercial Borrowings, Trade Credits and Structured Obligations issued by RBI vide notification no. RBI/FED/2918-19/67 FED Master Direction No.5/ 2018-19 dated March 26, 2019, as amended from time to time. ECBs can be accessed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route requires prior RBI approval. The ECB Directions classify ECBs under the categories:

- (i) foreign currency denominated ECBs ("FCY ECB"); and
- (ii) rupee denominated ECBs.

Automatic route

The following entities have been classified as eligible borrowers for raising foreign currency denominated ECBs and rupee denominated ECBs: (i) all entities eligible to receive FDI in India; (ii) port trusts; (iii) units in special economic zones; (iv) Small Industries Development Bank of India; (v) Export Import Bank of India;

(vi) registered entities engaged in micro-finance activities, viz., registered not for profit companies, registered societies/trusts/cooperatives and non-government organisations (permitted only to raise rupee denominated ECBs).

The foreign lenders eligible to provide all the categories of ECBs include: (i) non-residents from jurisdictions that are FATF or IOSCO compliant; (ii) multilateral and regional financial institutions where India is a member country; and (iii) individuals that are residents of FATF or IOSCO compliant jurisdictions who are foreign equity holders or for subscription to bonds/debentures listed outside India, which satisfy all other conditions set out in respect of eligible investors under the ECB Directions will also be considered as recognized lenders. While overseas branches/subsidiaries of banks incorporated in India are permitted to purchase, and hold, Notes issued in foreign currency, they are not permitted to purchase or hold: (i) Rupee denominated Notes in any manner whatsoever, save and except as underwriters or arrangers or market makers or traders, subject to applicable prudential norms and accordingly they shall for the purposes hereof be construed as a person meeting the Eligibility Requirements only with references to Notes denominated in foreign currency (i.e. not being Rupee denominated Notes); (ii) Notes which fall within the categories mentioned in (b) to (e) of serial number V of paragraph 2.1 of Part I of the ECB Directions. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

ECB proceeds cannot be utilized for the following activities: (i) real estate activities; (ii) investment in capital market; (iii) equity investment; (iv) payment of interest/charges of the ECB; (v) working capital purposes except in case of: (a) ECB raised from foreign equity holder for working capital purposes, general corporate purposes or for repayment of Rupee loan with minimum average maturity period of five years and (b) ECB raised for working capital purposes, general corporate purposes or on-lending by NBFCs for working capital purposes or general corporate purposes with minimum average maturity period of 10 years; (v) general corporate purposes except in case of: (a) ECB raised from foreign equity holder for working capital purposes, general corporate purposes or for repayment of Rupee loan with minimum average maturity period of five years and (b) ECB raised for working capital purposes, general corporate purposes or on-lending by NBFCs for working capital purposes or general corporate purposes with minimum average maturity period of 10 years; (vi) repayment of Rupee loans except in case of: (a) ECB raised for repayment of Rupee loans availed domestically for capital expenditure or on-lending by NBFC for the same purpose with minimum average maturity period of seven years; and (b) ECB raised for repayment of Rupee loans availed domestically for purposes other than capital expenditure or on-lending by NBFCs for the same purpose with minimum average maturity period of 10 years; and (vii) on-lending to entities for the above activities except in the cases of ECB raised by NBFCs as provided in (c) to (e) of serial number v of paragraph 2.1 of Part I of the ECB Directions.

Furthermore, the maximum amount which can be raised by all eligible borrowers every fiscal year under the automatic route is U.S.\$750.0 million or its equivalent. However, the RBI in its circular dated August 1, 2022 announced certain liberalization measures wherein the automatic route limit was increased from USD 750 million or equivalent to USD 1.5 billion or equivalent till December 31, 2022. Furthermore, in case of FCY ECB raised from direct foreign equity holder, ECB liability-equity ratio for ECBs raised under the automatic route cannot exceed 7:1, however this ratio will not be applicable if outstanding amount of all ECBs, including proposed one, is up to U.S.\$5.0 million or equivalent. Furthermore, the borrowing entities will also be governed by the guidelines on debt equity ratio issued, if any, by the sectoral or prudential regulator concerned.

Previously, the benchmark rate for FCY ECB was specified as 6-months LIBOR rate or any other 6-month interbank interest rate applicable to the currency of borrowing. In view of the discontinuance of LIBOR, any widely accepted interbank rate or alternative reference rate (“ARR”) of 6-months tenor, applicable to the currency of borrowing may be used as a benchmark, post discontinuation, as notified by the RBI circular dated December 8, 2021 bearing reference no. RBI/2021-2022/135. The all-in cost (which includes rate of interest, other fees, expenses, charges, guarantee fees, export credit agency (“ECA”) charges, whether paid in foreign currency or Rupees but will not include commitment fees and withholding tax payable in Rupees) ceilings per annum for (i) existing FCY ECBs linked to LIBOR whose benchmarks are changed to ARR is 550 basis points over any widely accepted interbank rate or ARR of 6 months applicable to the currency of borrowing; (ii) new

FCY ECBs is 500 basis points over any widely accepted interbank rate or ARR of six months applicable to the currency of borrowing; and (iii) rupee denominated ECBs, is 450 basis points over any prevailing yield of the Government of India securities of corresponding maturity. The RBI in its circular dated August 1, 2022 increased the all-in cost ceiling for ECBs by 100 bps till December 31, 2022. However, the enhanced all-in-cost ceiling was available only to eligible borrowers of investment grade rating from Indian credit rating agencies and other eligible borrowers were allowed to raise ECB within the existing all-in cost ceiling.

Prepayment charge/ Penal interest, if any, for ECBs should not be more than 2 per cent over and above the contracted rate of interest on the outstanding principal amount and will be outside the all-in-cost ceiling.

Approval route

All ECBs not conforming to the parameters prescribed under the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 are considered by the RBI under the approval route.

Creation of Security

Under the present ECB Directions, the choice of security to be provided is left to the borrower. ECBs may be secured, after approval by the AD Bank, by creation of a charge on immovable assets, movable assets, financial securities and the issue of corporate and/or personal guarantees in favor of an overseas lender or a security trustee, to secure the ECB, subject to certain conditions.

Creation of Charge on Movable Assets

In the event of enforcement/invoke of the charge over movable assets, the claim of the lender, whether the lender takes possession over the movable asset or otherwise, will be restricted to the outstanding claim against the ECB. Encumbered movable assets may also be taken out of the country subject to getting 'no objection certificate' from domestic lender/s, if any.

Filing and regulatory requirements in relation to issuance of Notes

An ECB borrower is required to obtain a loan registration number ("LRN") from the RBI before an issuance of Notes is effected. To obtain this, ECB borrowers are required to submit a duly certified Form ECB, which also contains terms and conditions of the ECB, in duplicate to the designated AD Bank category I. The AD Bank category I is then required to forward a copy of the completed Form ECB to the RBI.

Any ECB borrower is required to submit an ECB-2 Return on a monthly basis via its AD Bank category I to the RBI.

Procedure in relation to any change to the Terms and Conditions of the Notes

Any change in the terms and conditions of the Notes after obtaining the LRN are required to be reported to RBI through a revised form ECB at the earliest, and in any case not later than seven days from the changes effected. Furthermore, the borrowers are required to report actual ECBs transactions through Form ECB 2 Return through AD Bank on monthly basis so as to reach RBI within seven working days from the close of month to which it relates and the changes, if any, in ECB parameters should also be incorporated therein.

Furthermore, any change in the terms and conditions of the Notes after obtaining the LRN may require prior approval of the RBI or AD Bank, as the case may be. Certain changes (such as change of AD Bank, cancellation of LRN, refinancing of existing of ECB, conversion of ECB into equity, security for ECB, transfer of ECB) may be approved by the AD Bank under a delegated authority from the RBI subject to certain conditions being complied with. Any redemption of the Notes prior to their stated maturity, including on occurrence of an event of Default or for taxation reasons (as further described in the Conditions) may require the prior approval of the RBI or the AD Bank, as the case may be.

Hedging of currency risk of borrower

Eligible borrowers are allowed to hedge their foreign currency exposure in relation to ECBs in accordance with the guidelines in relation to hedging issued by the RBI. An AD Bank is required to confirm that the

hedging requirement has been complied with during the currency of ECB and report the position to RBI by way of the Form ECB filing. Additionally, the following aspects with respect to hedging should be ensured: (i) Coverage - The ECB borrower will be required to cover principal as well as coupon through financial hedges; (ii) Tenor and rollover - the financial hedge shall have a minimum tenor of one year with periodic rollover duly ensuring that the exposure on account of ECB is not unhedged at any point during the currency of ECB; (iii) Natural Hedge - Natural hedge, in lieu of financial hedge, will be considered only to the extent of offsetting projected cash flows / revenues in matching currency, net of all other projected outflows. For this purpose, an ECB may be considered naturally hedged if the offsetting exposure has the maturity/cash flow within the same accounting year. Any other arrangements/ structures, where revenues are indexed to foreign currency will not be considered as natural hedge.

Issuance of Overseas Rupee-Denominated Bonds

Pursuant to the ECB Guidelines, all eligible borrowers can issue plain vanilla Rupee-denominated overseas bonds with a three-year minimum average maturity period (other than in case of: (i) manufacturing sector companies which may raise ECBs with a minimum average maturity period of one year for ECB up to U.S.\$50.0 million or its equivalent per fiscal year; (ii) ECB from foreign equity holders with a minimum average maturity of five years, provided that the proceeds are proposed to be utilized for working capital purposes, general corporate purposes or repayment of Rupee loans; (iii) ECB raised for working capital purposes, general corporate purposes or on-lending by NBFCs for working capital purposes or general corporate purposes which are required to have a minimum average maturity of 10 years; (iv) ECB raised for repayment of Rupee loans availed domestically for capital expenditure or on-lending by NBFC for the same purpose which are required to have a minimum average maturity of seven years; and (v) ECB raised for repayment of Rupee loans availed domestically for purposes other than capital expenditure or on-lending by NBFCs for the same purpose which are required to have a minimum average maturity of 10 years).

For a prospective Investor to be a recognized lender (as defined under the ECB Guidelines), such prospective Investor should be a resident of FATF or IOSCO Compliant country, including as on the date and upon transfer of the Notes. However, the following shall also be considered a recognized lender as defined under the ECB Guidelines: (i) multilateral and regional financial institutions where India is a member country; and (ii) individuals that are residents of FATF or IOSCO compliant jurisdictions who are foreign equity holders or for subscription to bonds/debentures listed outside India, which satisfy all other conditions set out in respect of eligible investors under the ECB Directions. While overseas branches/subsidiaries of banks incorporated in India are permitted to purchase, and hold, Notes issued in foreign currency, they are not permitted to purchase or hold: (i) Rupee denominated Notes in any manner whatsoever, save and except as underwriters or arrangers or market makers or traders, subject to applicable prudential norms and accordingly they shall for the purposes hereof be construed as a person meeting the Eligibility Requirements only with references to Notes denominated in foreign currency (i.e. not being Rupee denominated Notes); (ii) Notes which fall within the categories mentioned in (b) to (e) of serial number V of paragraph 2.1 of Part I of the ECB Directions. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by the Indian banks is not allowed.

“FATF Compliant” means all of the following (i) a resident of a country: (a) that is a member of FATF or a member of a FATF style regional body; and (b) should not be a country identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

“IOSCO Compliant” means a country whose securities market regulator is a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the SEBI for information sharing arrangements.

Banks incorporated in India cannot subscribe to the Notes; however, subject to the applicable prudential norms, their overseas branches or subsidiaries can invest in foreign currency denominated bonds and also act

as arrangers, underwriters, market-makers and traders for issuances of the Rupee denominated bonds. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks is not be allowed. The all-in cost ceiling for Rupee denominated bond issuances is the prevailing yield of the Government of India securities of corresponding maturity. Any issuance of such bonds above U.S.\$750.0 million in a fiscal year will require prior RBI approval.

The foreign currency to Rupee conversion will be at the market rate on the settlement date. Furthermore, the overseas investors are eligible to hedge their exposure in Rupee through permitted derivative products with AD Banks in India. The investors can also access the domestic market through branches / subsidiaries of Indian banks abroad or branches of foreign banks with Indian presence on a back to back basis. The issuance of Notes is being made under the automatic route under the ECB Directions, or under RBI ECB Limits Approval as may be applicable to an issue of Notes.

The RBI further vide circular dated September 30, 2022 (Late Submission Fee for reporting delays under Foreign Exchange Management Act, 1999) introduced a matrix for calculation of late submission fee (“LSF”) for the delayed filings made on or after September 30, 2022 in order to bring uniformity in imposition of LSF across Foreign Investment (“FI”), External Commercial Borrowings (“ECBs”) and Overseas Investment related transactions.

(V) Legislative Framework for Recovery of Debts and Bankruptcy

1. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Securitization Act)

The Securitization Act, as amended, provides that if any borrower who is under a liability to a secured creditor makes any default in repayment of secured debt and his account is classified as non-performing asset, then the secured creditor may require the borrower by notice in writing to discharge in full his liabilities within 60 days from the date of notice failing which the secured creditor shall be entitled to exercise all or any of the following rights.

The secured creditor may take possession of the secured assets or take over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realizing the secured asset or appoint any person, to manage the secured assets the possession of which has been taken over by the secured creditor or require, any person who has acquired any of the secured assets from the borrower and from whom any money is due or may become due to the borrower, to pay the secured creditor, so much of the money as is sufficient to pay the secured debt. Furthermore, subject to the provisions of the Insolvency and Bankruptcy Code, 2016. in the case of financing of a financial asset by more than one secured creditor or joint financing of a financial asset by secured creditors, no secured creditor shall be entitled to exercise any right unless the exercise of such right is agreed upon by the secured creditors representing not less than 60% in value of the amount outstanding as of a record date as determined by the secured creditors and such action shall be binding on all the secured creditors.

The Securitization Act also provides for the setting up of asset reconstruction companies regulated by the RBI to acquire financial assets from banks and financial institutions by issuing a debenture or bond or any other security in the nature of debenture, for consideration agreed upon between such company and the bank or financial institution, or by entering into an agreement with such bank or financial institution for transfer of such financial assets on such terms and conditions as may be agreed upon between them.

2. The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (Amendment Act)

The Amendment Act was passed by both houses of the Parliament on August 9, 2016 and received the assent of the President on August 12, 2016. 36 sections of the Amendment Act were notified by the Central Government to be effective from September 1, 2016. The Amendment Act amends four laws: (i) Securitization Act, (ii) Recovery of Debts and Bankruptcy Act, 1993 (“**Debts Recovery Act**”), (iii) Indian Stamp Act, 1899 and (iv) Depositories Act, 1996. Under the Securitization Act, secured creditors can take possession over a collateral, against which a loan had been provided, upon a default in repayment, which can be done with the assistance of the District Magistrate / Chief Metropolitan Magistrate. The Amendment Act provides that this

process will have to be completed within 30 days by the District Magistrate / Chief Metropolitan Magistrate. In addition, the Amendment Act (i) creates a central database to integrate records of property registered under various registration systems with this central registry and secured creditors will not be able to take possession over the collateral unless it is registered with the central registry; (ii) provides that stamp duty will not be charged on transactions for transfer of financial assets in favor of asset reconstruction companies. In relation to the “**Debts Recovery Act**,” the Amendment Act (i) allows banks to file cases in tribunals having jurisdiction in the location of the bank branch and where the debt is pending; and (ii) provides further details of procedures that the tribunals will follow in case of debt recovery proceedings.

3. **The Insolvency and Bankruptcy Code, 2016**

The Insolvency and Bankruptcy Code, 2016 (the “**Indian Bankruptcy Code**”) was passed by both houses of the Parliament of India on May 11, 2016 and received the assent of the President of India on May 28, 2016. The Indian Bankruptcy Code primarily consolidates the existing insolvency laws, *inter alia*, relating to companies and bodies corporate with the objective of providing clarity and consistency, in treatment, to all the stakeholders in the insolvency process. The Indian Bankruptcy Code classifies creditors into financial creditors, and operational creditors which include the financial loans for interest and loans arising from the operational nature of the debtor, respectively. The Indian Bankruptcy Code proposes to appoint specialized insolvency professionals to assist companies and bodies corporate through the insolvency process.

The Indian Bankruptcy Code provides a 330 day timeline for completion of the corporate insolvency resolution process (which the Supreme Court of India has clarified is an outer time limit, and that such timeline is the time ordinarily taken for completion of the corporate insolvency resolution process). During this period, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The National Company Law Tribunal is the adjudicating authority with jurisdiction over companies, limited liability entities and in certain cases, personal guarantors to corporate debtors undergoing insolvency resolution.

The Indian Bankruptcy Code as originally enacted excluded financial service providers from the definition of a ‘corporate person’ and therefore, the Indian Bankruptcy Code as a whole does not apply to financial service providers. However, pursuant to the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated November 18, 2019, RBI can now commence corporate insolvency resolution process against NBFCs with an asset size of at least INR 5 billion. Furthermore, such NBFC may commence voluntary liquidation under the Indian Bankruptcy Code with prior RBI permission.

On May 17, 2020, the Central Government announced, amongst others, that initiation of fresh insolvency cases would be suspended for up to a period of one year. It was also announced that all COVID-19 related defaults would be excluded from the Indian Bankruptcy Code. The ordinance suspending initiation of Corporate Insolvency Resolution Process was promulgated by the President of India on June 5, 2020 through the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 and received the assent of the president of India on September 23, 2020 as the Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 (the “**2020 Amendment**”). Pursuant to the 2020 Amendment, no application for initiation of corporate insolvency resolution process of a corporate debtor could be filed for any default arising on or after March 25, 2020, for a period of six months or such further period not exceeding one year from such date and no application should be filed for initiation of corporate insolvency resolution process of a corporate debtor for the said default occurring during the said period. The 2020 Amendment also provided that no application should be filed by a resolution professional under Section 66(2) of the Indian Bankruptcy Code, in respect of a corporate debtor against which initiation of corporate insolvency resolution process is suspended as per the 2020 Amendment. This suspension period was extended (in terms of the Ministry of Corporate Affairs notification no. S.O.3265(E) dated September 24, 2020 and notification no. S.O.4638(E) dated December 22, 2020) for a further period of six months i.e. up to March 25, 2021.

(VI) Legislative Framework for Employment

1. Shops and Establishments legislation in various states

The provisions of various Shops and Establishments legislation, 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 and safety measures and wages for overtime work.

2. Labor Laws

The Issuer is required to comply with various labor laws, including Payment of Gratuity Act, 1972, Employees Provident Funds and Miscellaneous Provisions Act, 1952. Recently, the Government of India has enacted (i) Code on Wages, 2019 (ii) Industrial Relations Code, 2020 (iii) Code on Occupational Safety, Health & Working Conditions Code, 2020 (iv) Code on Social Security, 2020 which shall replace 29 existing labor laws with the objective to simplify and modernize labor regulations.

(VII) Legislative Framework for Intellectual Property

The Trade Marks Act, 1999, the Patents Act, 1970 and the Indian Copyright Act, 1957, *inter alia*, govern the law in relation to intellectual property, including brand names, trade names and service marks, inventions and research works.

(VIII) Legislative framework for Taxation

1. Income Tax Act, 1961

The Income Tax Act, 1961 is applicable to every domestic and foreign company whose income is taxable depending upon its 'residential status' and 'type of income' involved.

2. Goods and Services Tax

GST came into effect from July 1, 2017 and includes the multiple indirect taxes which were being levied by both the Central and State governments into a single GST levy. This is being administered under the respective Central GST or State GST legislations. GST is expected to not only reduce the cascading effect of applicable indirect taxes, but also ensure lower compliance costs and increase efficiency of revenue collection and administration.

(IX) Legislative framework on data protection

The personal data of individuals is governed under Section 43-A of the Information Technology Act, 2000, read with Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 ("**SPDI Rules**").

Further, the Central Government has recently notified a specific legislation for the data protection i.e. Digital Personal Data Protection Act, 2023 ("**DPDP Act**") which shall repeal Section 43-A of the Information Technology Act, 2000 and the SPDI Rules. Please also note that the DPDP Act has only been enacted and approved by the Central Government however, it shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of the DPDP Act.

(X) Legislative framework for International Financial Services Centre

International Financial Services Centre Authority (Issuance and Listing of Securities) Regulations, 2021

The International Financial Services Centre Authority ("**IFSCA**") is a statutory authority established under the International Financial Services Centre Authority Act, 2019 ("**IFSCA Act**") for the development and regulation of financial products, financial services and financial institutions situated at the International Financial Services Centres ("**IFSC**") set up under section 18 of the Special Economic Zones Act, 2005. IFSCA in 2021, issued the said regulations that are applicable to the following issuances in an IFSC:

- (a) an initial public offer of specified securities by an unlisted issuer;

- (b) a follow-on public offer of specified securities by a listed issuer;
- (c) listing of specified securities by a start-up company or an small and medium enterprise company;
- (d) secondary listing of specified securities;
- (e) an initial public offer of specified securities by a Special Purpose Acquisition Company;
- (f) rights issue and/or preferential issues by a listed issuer;
- (g) listing of depository receipts;
- (h) listing of debt securities;
- (i) listing of environment, social and governance debt securities; and
- (j) issuance and/or listing of any other securities as may be specified by the Authority from time to time.

These regulations provide a comprehensive regulatory framework for issuance of securities in IFSCs in suppression of the provisions relating to issuance and listing of securities specified under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. In particular, the information does not consider any specific facts of circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India, the country of which they are residents or the country of purchase, holding or disposal of the Notes. Additionally, in view of the number of jurisdictions where local laws may apply, this Offering Circular does not discuss the local tax consequences to a potential holder, purchaser or seller arising from the acquisition, holding or disposition of the Notes. Prospective investors must therefore inform themselves as to any tax, exchange control legislation or other laws and regulations in force relating to the subscription, holding or disposition of Notes at their place of ordinance, and the countries of which they are citizens or countries of purchase, holding or disposition of Notes.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Notes issued by the Issuer and is based on the law and practice of the Income-tax Act, 1961 (the “**Income Tax Act**”), the Income-tax Rules, 1962 (the “**Income Tax Rules**”) and various circulars and notifications issued there under from time to time. Furthermore, the provisions of any Double Taxation Avoidance Agreements or an agreement for granting relief of tax or for avoidance of double taxation (“**Tax Treaty**”) have not been evaluated. The Income Tax Act is amended every year by the Finance Act of the relevant year and this memorandum reflects changes to the date of this Offering Circular. The tax rates specified below are for the fiscal year 2024-2025 (Assessment Year 2025-2026) as prescribed under the current provisions of the Income Tax Act as amended by the Finance Act, 2024. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.

Payments through India

Any payments the Issuer makes on the Notes, including additional amounts, made through India will be subject to the regulations of RBI.

Taxation of interest and withholding tax

In relation to the interest payable to the non-resident investors in relation to the Notes, the Issuer will be required to deduct withholding tax at the prevailing rates, subject to, and in accordance with, the provisions contained in the Income Tax Act.

Where permissible under the relevant provisions of the Income Tax Act, the rates of tax shall stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into a Tax Treaty and the provisions of such Tax Treaty, (wherever recourse available) which provide for the taxation of interest income in India at a rate lower than that stated above, and of the Income Tax Act, are fulfilled.

Long-term Notes or Rupee denominated Notes listed on recognized stock exchange located in any International Financial Services Centre (“IFSC”)

In the case of long-term Notes that are not denominated in Rupee but are denominated in any foreign currency, or Rupee denominated Notes which are issued pursuant to the ECB Directions and listed on recognized stock exchange located in any IFSC, at any time on or after July 1, 2023, the rate of tax that would be applicable on the interest being paid on such Notes would be 9% (or 4% in respect of Notes issued on or after April 1, 2020 but before July 1, 2023 listed exclusively on recognized stock exchange located in any IFSC) plus the applicable surcharge and health and education cess in accordance with the provisions of Section 115A read with Section 194LC of the Income Tax Act.

Long-term Notes or Rupee denominated Notes other than as listed on recognized stock exchange located in IFSC

In relation to long-term Notes/ bonds or Rupee denominated Notes (other than as listed on recognized stock exchange located in IFSC) issued pursuant to the ECB Directions, the rate of tax that would be applicable on the interest being paid on such Notes would be at the rate prescribed under the Income Tax Act, 1961 plus the applicable surcharge and health and education cess in accordance with the provisions of Section 115A read with Section 194LC of the Income Tax Act.

A non-resident investor is obligated to pay such income tax in an amount equal to, or will be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability on such interest, subject to and in accordance with the provisions of the Income Tax Act. The non-resident Noteholders shall be obliged to provide all necessary information and documents, as may be required by the Issuer.

Documents to be provided by non-resident Noteholders in relation to taxation on interest

Notes other than Rupee denominated Notes

For the purpose of tax withholding, the non-resident Noteholders shall be obliged to provide a declaration confirming that the non-resident Noteholder has no permanent establishment in India. In case where the non-resident Noteholder fails to provide a declaration, the provisions of Section 206AB of the Income Tax Act shall be applicable to the non-resident Noteholder. If provisions of Section 206AB are applicable, taxes may be withheld at the relevant rates prescribed under Section 206AB subject to non-compliance with conditions specified therein. The Income Tax Act, 2024 has reduced the tax on foreign companies with regard to other rupee denominated Notes to 35% (plus applicable surcharge and health and education cess).

Rupee denominated Notes

For the purpose of tax withholding, the non-resident Noteholders shall be obliged to provide documentation including a tax residency certificate, a tax identification number, other details including their name, address, email and contact number, pursuant to Section 206AA of the Income Tax Act read with Rule 37BC of the Income Tax Rules and a declaration confirming that the non-resident Noteholder has no permanent establishment in India pursuant to Section 206AB of the Income Tax Act. In case where the non-resident Noteholder only furnishes a declaration but fails to furnish the documents and other details required under Rule 37BC of the Income Tax Rules, the provisions of Section 206AA of the Income Tax Act shall be applicable to the non-resident Noteholder and in case the non-resident fails to furnish their Permanent Account Number, taxes shall be withheld at the rate of 20% (plus applicable surcharge and health and education cess). In case where non-resident Noteholders fails to furnish a declaration, documents and other details required under Rule 37BC of the Income Tax Rules, the provisions of Section 206AA and Section 206AB of the Income Tax Act shall be applicable to the non-resident Noteholder. If provisions of Section 206AA and Section 206AB are applicable, taxes may be withheld at higher of the two rates provided under Section 206AA and Section 206AB subject to non-compliance with conditions specified therein.

Pursuant to the Terms and Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law or where the Laws undergo any amendment, in which

case pursuant to Condition 8, the Issuer will pay additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions.

Taxation of gains arising on disposition

Any gains arising to a non-resident investor from disposition of the Notes held (or deemed to be held) as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from a disposition of the Notes held as a capital asset provided the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend on the view taken by the Indian tax authorities on the position with respect to the situs of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being located in India as the Issuer is incorporated in and resident in India.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

- (i) a non-resident investor, who has held the Notes for a period of more than 24 months immediately preceding the date of their disposition and if the Notes are transferred on or after July 23, 2024, will be liable to pay long-term capital gains tax at a rate of 12.5% of the capital gains (plus applicable surcharge and health and education cess) in accordance with the provisions of the Income Tax Act. These rates are subject to any lower rate provided for by an applicable Tax Treaty;
- (ii) a non-resident investor who has held the Notes for 24 months or less and if the Notes are transferred on or after July 23, 2024 will be liable to pay capital gains tax at rates ranging up to 35% of capital gains (plus applicable surcharge and health and education cess), depending on the legal status of the non-resident investor and his taxable income in India. These rates are subject to any lower rate provided for by an applicable Tax Treaty;
- (iii) Section 47(viaa) of the Income Tax provides an exemption from capital gains tax on transfer, made outside India of a Rupee denominated Note of an Indian company, by a non-resident to another non-resident;
- (iv) Section 47(viab) of the Income Tax Act provides an exemption from capital gains tax on any transfer of a Note, if the Note is transferred on a recognized stock exchange located in an International Financial Services Center (IFSC) and where the consideration for such transaction is paid or payable in foreign currency;
- (v) Section 47(viiac) of the Income Tax provides an exemption from capital gains tax on any transfer of a Note upon relocation of a fund established or incorporated outside India to a fund established or incorporated in India and which is located in an IFSC;
- (vi) at the time of redemption of any Rupee denominated Notes, any gains arising on account of appreciation of the Rupee against a foreign currency shall be ignored for the computation of full value of consideration. Accordingly, such gains arising to the original non-resident investor on account of the appreciation of the Rupee against a foreign currency at the time of redemption of the Notes held by such non-resident investor, shall not be taxable as capital gains; and
- (vii) any income arising to a non-resident investor from a transfer of the Notes held as stock-in-trade will be considered as business income. Business income will be subject to income tax in India only to the extent it is attributable to a “business connection in India” or, where a Tax Treaty applies, to a “permanent establishment” of the non-resident investor in India. A non-resident investor will be liable to pay income tax on such income at rates ranging up to 35% (plus applicable surcharge and health and education cess), depending on the legal status of the non-resident investor and their taxable income in India. These rates are subject to any lower rate provided for by an applicable Tax Treaty.

Tax Withholding

Wherever applicable, taxes shall be withheld by the person making payment to the non-resident at the following rates:

- (i) on long-term capital gains at 12.5% as applicable (plus applicable surcharge and health and education cess);
- (ii) on 20% in case conditions prescribed under section 206AA of the Income Tax Act read with rule 37BC not fulfilled;
- (iii) on the rate as prescribed under section 206AB of the Income Tax Act; and
- (iv) on short-term capital gains and business income at rates ranging up to 35% (plus applicable surcharge and health and education cess), depending on the legal status of the recipient of income.

Wherever permissible under the relevant provisions of the Income Tax Act these rates will be limited to the rates provided for by the relevant Tax Treaty, subject to fulfilment of prescribed conditions. The total tax payable shall be computed in a manner prescribed under the Income Tax Act.

Tax Treaty

Wherever permissible under the relevant provisions of the Income Tax Act, the rates of tax set out above will be reduced if the beneficial recipient is a resident of a country with which the Government has entered into a Tax Treaty, which, if the conditions of such Tax Treaty are complied with, provides for the taxation in India of income by way of interest at a rate lower than that stated above.

The Noteholders will need to provide a tax residency certificate, copy of Form 10F submitted electronically, declaration for no permanent establishment in India and other relevant documents or details in order to claim such Tax Treaty benefit.

Anti-Avoidance Provisions

Under the Income Tax Act, there are both specific as well as generic anti-avoidance provisions relating to tax like transfer pricing provisions and general anti-avoidance rules. The investor needs to consider the said provisions.

Estate Duty

No estate duty is payable at present in India in relation to the Notes.

Gift Tax

There is no gift tax payable at present in India in relation to the Notes. However, a person receiving the Notes at a price less than fair market value of Notes (except when received from a relative or where it falls under certain other exceptions) shall be subject to income tax in India on the difference between the price paid by him for the Notes and the fair market value of the Notes as determined under the Income Tax Act and the Income Tax Rules. Tax shall be payable at the rates applicable to the respective category of the taxpayers. Non-resident taxpayers qualifying for the benefit of application of a Tax Treaty, may not be taxed in India in respect of such deemed benefit subject to provisions of such Tax Treaty.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty will be payable if the Notes are brought into India for enforcement or for any other purpose. The amount of stamp duty payable will be the rate specified in Schedule I of the Indian Stamp Act, 1899, which is currently specified as 0.005% (in case of issue) or 0.0001% (in case of transfer), as applicable, of the market value of the securities and the duty will have to be paid within a period of three months from the date the Notes are first received in India.

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the applicable Pricing Supplement may contain additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with initial purchasers of the Notes that acquire the Notes for cash in an offering at their initial offering price, that are U.S. Holders and that will hold the Notes as capital assets within the meaning of Section 1221 of the United States Internal Revenue Code, as amended (the “**Code**”) (generally assets held for investment purposes). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or Medicare tax on net investment income), and does not address state, local, non-U.S. or other federal tax laws (e.g. estate or gift tax). In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, entities or arrangements treated as a partnership for U.S. federal income tax purposes or other pass-through entities, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors who have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad, U.S. Holders whose functional currency is not the U.S. dollar, or investors that are required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement). Moreover, the summary deals only with Notes with a term of 30 years or less and does not address Partly Paid Notes, Dual Currency Notes or Index Linked Notes that reference an index that includes one or more U.S. equity securities. The U.S. federal income tax consequences of owning Notes with a longer term, Partly Paid Notes, Dual Currency Notes or Index Linked Notes may be discussed in the appropriate Pricing Supplement.

As used herein, the term “**U.S. Holder**” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the “**Code**”) its legislative history, existing and proposed regulations thereunder, the income tax treaty between the United States and India (the “**Treaty**”), published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code. This discussion does not address the consequences of the acquisition, ownership and disposition of Bearer Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND DOES NOT ADDRESS THE MATERIAL U.S. FEDERAL

INCOME TAX CONSEQUENCES OF EVERY TYPE OF NOTE WHICH MAY BE ISSUED UNDER THE PROGRAMME. ADDITIONAL U.S. FEDERAL INCOME TAX CONSEQUENCES, IF ANY, APPLICABLE TO A PARTICULAR ISSUANCE OF NOTES WILL BE SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER FEDERAL TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

The Issuer generally intends to treat Notes issued under the Programme as debt for U.S. federal income tax purposes, unless otherwise indicated in the applicable Pricing Supplement. The following summary applies to Notes that are properly treated as debt for U.S. federal income tax purposes.

U.S. Holders

Payments of Interest

General

Interest on a Note, whether payable in U.S. dollars or a single currency other than U.S. dollars (a “**foreign currency**”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “—*Original Issue Discount—General*”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortizable bond premium, subject to the discussion below. Interest paid by the Issuer on the Notes and original issue discount (“**OID**”), if any, accrued with respect to the Notes (as described below under “—*Original Issue Discount*”) generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the “pre-issuance accrued interest”), a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest may be treated as a nontaxable return of the pre-issuance accrued interest. This discussion assumes that the first interest payment on Notes with pre-issuance accrued interest will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. This discussion assumes that the pre-issuance accrued interest will be excluded in determining the issue price of a Note. Pre-issuance accrued interest not included in income should not form part of any amortisable bond premium (as described below under “— Notes Purchased at a Premium”). A U.S. Holder’s tax basis in a Note will be reduced by any nontaxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest, including any potential exchange gain or loss that might be recognized upon receipt of return of pre-issuance accrued interest on Notes denominated in a foreign currency.

Effect of Indian Withholding Taxes

See “*Taxation—Indian Taxation*” for a discussion regarding Indian withholding taxes with respect to interest payments on the Notes. As discussed under “*Terms and Conditions of the Notes—Taxation—Payment without Withholding*,” the Issuer may become liable for the payment of Additional Amounts to holders of the Notes so that the holders receive the same amounts they would have received had no Indian withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having actually received the amount of Indian taxes withheld by the Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the Indian taxing authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest or OID may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder may be entitled to a credit against its U.S. federal income tax liability, or at such holder's election, a deduction in computing its U.S. federal taxable income, for Indian income taxes withheld by the Issuer (at a rate not exceeding any applicable Treaty rate). An election to deduct creditable foreign taxes instead of claiming foreign tax credits must be applied to all creditable foreign taxes paid or accrued in the U.S. Holder's taxable year. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex and recently issued final U.S. Treasury regulations ("**Final FTC Regulations**") have imposed additional requirements that must be met for a foreign tax to be creditable (in particular, with respect to U.S. Holders, not entitled to, or not electing to apply, the benefits of the Treaty) and we do not intend to determine whether such requirements will be met. Recent notices from the IRS (the "**Notices**") indicate that the Treasury and the IRS are considering proposing amendments to the Final FTC Regulations and allow taxpayers, subject to certain conditions, to defer the application of many aspects of such regulations until the date when a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Indian withholding taxes and the creditability (or alternatively, deductibility) of any Indian taxes withheld as well as the disclosure of any Treaty-based return position in their particular circumstances.

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues Notes that are treated as contingent payment debt instruments the applicable Pricing Supplement may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*—Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If it was deemed that any call or put option would be exercised but was not in fact exercised, the Note would be treated solely for the purpose of calculating OID as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

U.S. Holders of Discount Notes generally must include OID in income, as ordinary income, for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding

of interest, irrespective of the U.S. Holder's method of accounting and regardless of whether cash attributable to this income is received. U.S. Holders generally will not be required to include separately in income cash payments received on Discount Notes, even if denominated as interest, to the extent such payments do not constitute qualified stated interest. Special rules governing the treatment of foreign currency Notes are described below under "*Foreign Currency Notes*."

Acquisition Premium

Subject to the discussion below under "*Election to Treat All Interest as Original Issue Discount*," a U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include such OID in income currently, any gain realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the U.S. Internal Revenue Service ("**IRS**").

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price," exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount." For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments. Additionally, for this purpose the "stated redemption price at maturity" (as defined above) is decreased by the amount of any payments previously made on the Note that were not qualified stated interest.

Any gain recognized on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the

accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

The application of the foreign tax credit rules to Indian taxes imposed on any income attributable to market discount is not clear and U.S. Holders should consult their tax advisors regarding the application of the foreign tax credit rules to Indian taxes imposed on such income in their particular circumstances.

Variable Interest Rate Notes

A Note that provides for interest at variable rates (“**Variable Interest Rate Notes**”) generally will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is

any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument," then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been

accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note does not qualify as a “variable rate debt instrument,” then the Variable Interest Rate Note will be treated as a contingent payment debt instrument. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt instruments may be described in the applicable Pricing Supplement.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, all of the remaining payments on the Discount Note other than qualified stated interest, may elect to treat the excess as “amortizable bond premium,” in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note’s yield to maturity) to that year. Special rules may limit the amortisation of bond premium with respect to Notes subject to early redemption. Any election to amortize bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “—*Original Issue Discount—Election to Treat All Interest as Original Issue Discount.*”

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “—*Original Issue Discount—General,*” with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium (described above under “—*Notes Purchased at a Premium*”) or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “—*Market Discount*” to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Substitution of Issuer

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder’s tax basis in the Notes. Additionally, the new notes may be treated as issued with OID.

U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of such assumption with respect to the Notes.

Sale and Retirement of Notes

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the U.S. Holder’s adjusted tax basis of the Note. A U.S. Holder’s adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note. The amount realized does not include the

amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under “—*Original Issue Discount—Market Discount*” or “—*Original Issue Discount—Short Term Notes*” or attributable to changes in exchange rates (as discussed below), gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the Notes exceeds one year. The deductibility of capital losses is subject to limitations.

Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilize foreign tax credits attributable to any Indian taxes imposed on a sale or disposition. Moreover, subject to the Notices described above, under the Final FTC Regulations, Indian taxes on disposition gains of U.S. Holders that are not entitled to, or do not elect to apply, the benefits of the Treaty are generally not creditable for U.S. federal income tax purposes. Indian taxes on disposition gains that are not creditable may possibly reduce the amount realized on the disposition of Notes or alternatively may be deductible. The application of these rules is very complex, and prospective purchasers should consult their tax advisers regarding the U.S. federal income tax consequences if Indian taxes are imposed on disposition gains, including their ability to credit or deduct any Indian tax against their U.S. federal income tax liability, the proper application of the Treaty (which in some respects is not entirely clear), the proper application of the foreign tax credit rules to income attributable to market discount, the determination of the amount realized and disclosure obligations of any Treaty-based tax return position in their particular circumstances.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

See the discussion above under “*Effect of Indian Withholding Taxes*” regarding foreign tax credits and deductions.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognize U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognize a market loss when the Note matures.

Sale and Retirement

As discussed above under “—*Sale and Retirement of Notes*,” a U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the U.S. Holder's adjusted tax basis in the Note, in each case as determined in U.S. dollars. See the discussion above under “—*Sale and Retirement of Notes*” regarding foreign tax credits and other U.S. federal income tax implications of any Indian taxes imposed on disposition gains.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (as adjusted for amortized bond premium, if any) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realized only to the extent of total gain or loss realized on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest (including OID)). U.S. Holders should consult their own tax advisors about how to account for proceeds received on the sale or retirement of Notes that are not paid in U.S. dollars.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase.

Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of principal and interest and accruals of OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, by a U.S. or U.S.-connected paying agent or other U.S. or U.S.-connected intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Information with Respect to Foreign Financial Assets

Certain owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances a higher threshold) may be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. The Notes may be subject to these rules. Holders are urged to consult their tax advisers regarding the application of these rules to their ownership of the Notes.

FATCA Withholding

Pursuant to certain provisions of the Code, commonly known as FATCA, a “foreign financial institution” (including an intermediary through which Notes are held) may be required to withhold at a rate of 30% on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The term “foreign passthru payment” is not yet defined. The Issuer is registered with the IRS as a foreign financial institution for these purposes. A number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed Treasury regulations such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term executed on or prior to the date that is six

months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes that are not distinguishable from grandfathered Notes are executed after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all the Notes in the series, including grandfathered Notes, as subject to withholding under FATCA.

In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, none of the Issuer, the Arrangers, Dealers or any other persons involved in the Programme will be required to pay additional amounts as a result of the withholding.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the “**Clearing Systems**”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arrangers, the Dealers, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable pricing supplement will specify the Clearing system(s) applicable for each series.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a “banking organization” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”) and, together with Direct Participants, “**Participants**”). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**DTC Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorized representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practice, as is the case with securities held for the accounts of customers and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for Definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale*" and "*Transfer Restrictions*."

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Each Registered Global Note accepted for clearance in DTC will have a CUSIP number. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC, unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers and will be the responsibility of such Participant and not the responsibility of DTC. None of the Principal Paying Agent, the Registrar or the Issuer will have any responsibility or liability for any aspects of the records relating to or payments made on account of converting interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests. Payment of principal, premium (if any), and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Transfer Restrictions*,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (“**Custodian**”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (“**T+3**”). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Note resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain requirements on “employee benefit plans” within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds, separate accounts and entities whose underlying assets include the assets of such employee benefit plans (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries or service providers with respect to such ERISA Plans.

Fiduciaries of ERISA Plans and “plans” within the meaning of Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code, including individual retirement accounts and “Keogh” plans (together with ERISA Plans, “**Plans**”), should consider ERISA, the regulations and guidance thereunder and the issues described below in deciding whether to purchase a Note.

General Fiduciary Matters

Under ERISA, a person who exercises discretionary authority or control regarding the management or disposition of an ERISA Plan’s assets is generally considered a fiduciary of such an ERISA Plan. An ERISA Plan’s investments are subject to ERISA’s fiduciary requirements, which should be considered in the context of each ERISA Plan’s particular facts and circumstances. An ERISA Plan fiduciary deciding to purchase a Note may wish to consider, among other factors, (i) whether the acquisition would satisfy the diversification requirements of Section 404 of ERISA, (ii) whether the acquisition would be prudent with respect to the Note’s structure, potential risks and returns and lack of liquidity, (iii) whether the investment would be consistent with the documents and instruments governing the ERISA Plan pursuant to Section 404(a)(1)(D) of ERISA and (iv) whether the investment would constitute or result in a “prohibited transaction” under Section 406 of ERISA or Section 4975 of the Code (as discussed below).

In evaluating the prudence of purchasing a Note, an ERISA Plan fiduciary should consider the U.S. Department of Labor (the “**DOL**”) regulation on investment duties located at 29 C.F.R. § 2550.404a-1. ERISA also requires that an ERISA Plan fiduciary maintain the indicia of ownership of the ERISA Plan’s assets within the jurisdiction of the U.S. Federal District Courts. Fiduciaries of ERISA Plans should also consider ERISA’s rules relating to delegation of control.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and certain persons and their affiliates who have certain specified relationships to the Plans (referred to as “parties in interest” under ERISA and “disqualified persons” under Section 4975 of the Code, and collectively, “**Parties in Interest**”). Whether or not the underlying assets of the Issuer are deemed to include assets of a Plan, a purchase of a Note by a Plan, to the extent it is permitted, may constitute or result in a direct or indirect “prohibited transaction” under Section 406 of ERISA and/or Section 4975 of the Code (collectively, “**prohibited transaction**”) to the extent any of the Issuer, the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates (each, a “**Transaction Party**”) is considered a Party in Interest. A non-exempt violation of these prohibited transaction rules may result in an imposition of excise taxes or other penalties and liabilities under ERISA and Section 4975 of the Code and a rescission or correction of any applicable transaction.

Although an administrative or statutory exemption may be applicable to a prohibited transaction in respect of a purchase of a Note, the applicability of such exemption will depend in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such a decision is made. These exemptions include the administrative exemptions of Prohibited Transaction Class Exemption (“**PTCE**”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by “independent qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers) (Investor-Based Exemptions) and the statutory exemption of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to the purchase and sale of securities and related lending

transactions, **provided that**, neither the security's issuer nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction (in other words, not a fiduciary) and **provided further that**, the Plan pays no more and receives no less than "adequate consideration" in connection with the transaction).

The fiduciary of a Plan that proposes to purchase a Note may wish to consider, without limitation, (i) whether the purchase would involve a direct or indirect extension of credit to a Party in Interest, (ii) whether the purchase would involve a sale or exchange of any property between a Plan and a Party in Interest and (iii) whether the purchase would involve a transfer to, or use by or for the benefit of, a Party in Interest of a Plan's assets. In this regard, there can be no assurance that any of these administrative and statutory exemptions will be available with respect to any particular transaction involving the Notes. Most of these exemptions do not provide relief from some or all of the self-dealing prohibitions of Section 406 of ERISA or Section 4975 of the Code. Each Plan fiduciary is responsible for ensuring that the purchase of a Note does not and will not constitute or result in a non-exempt prohibited transaction.

Plan Assets Regulation

Under the DOL regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**"), when a Plan invests in an "**equity interest**" of an entity (which is defined as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features) that is neither a publicly offered security nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or equity participation by "Benefit Plan Investors" is deemed not to be "significant."

Equity participation by "Benefit Plan Investors" in an entity is deemed to be "**significant**" under the Plan Assets Regulation if, immediately after the most recent acquisition of any equity interest in the entity, 25.0% or more of the value of any class of equity interests in the entity is held by "Benefit Plan Investors." "**Benefit Plan Investor**" means (i) a Plan or (ii) a person or entity whose underlying assets are deemed for purposes of Title I of ERISA or Section 4975 of the Code to include the assets of any such Plan by reason of the Plan Assets Regulation or otherwise. This test must be satisfied at each acquisition, transfer or disposition of a Note in order for the assets of the Issuer to not be treated as "plan assets." For these purposes, the value of any Note held by certain persons (other than Benefit Plan Investors) that have discretionary authority or "control" over the assets of the entity or that provide investment advice with respect to such assets for a fee, directly or indirectly, or "affiliates" of such persons (other than Benefit Plan Investors) are excluded. An "**affiliate**" of a person includes any person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the person. "**Control**," with respect to a person other than an individual, means the power to exercise a controlling influence over the management or policies of such person.

Similar Plans and Similar Laws

"Governmental plans" within the meaning of Section 3(32) of ERISA, "church plans" within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code, non-U.S. plans described in Section 4(b)(4) of ERISA and other benefit plans that are not Benefit Plan Investors (any such plan, a "**Similar Plan**"), while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to a U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions of ERISA or the Code (any such law or regulation, a "**Similar Law**").

Representations and Further Considerations

The Notes issued under this Programme may generally be permitted to be held by a Benefit Plan Investor, **so long as** the particular Notes being acquired by a Benefit Plan Investor are treated as indebtedness without substantial equity characteristics for purposes of Title I of ERISA or Section 4975 of the Code and/or the Issuer is an "operating company" (any permitted issuance of such Notes, an "**ERISA-Permitted Issuance**").

By its acquisition of the Notes, each purchaser and subsequent transferee thereof will be deemed to have represented and warranted, on each day from the date on which such purchaser or transferee, as applicable, acquires its interest in such Notes through and including the date on which such purchaser or transferee, as applicable, disposes of its interest in such Notes, either that (a) it is not and is not acting on behalf of a Benefit Plan Investor or a Similar Plan that is subject to any Similar Law or, (b) provided that the Notes (or any interest therein) are purchased under an ERISA-Permitted Issuance, its purchase and holding of the Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a non-exempt violation of any Similar Law. Any purported purchase or transfer in violation of these representations shall be null and void ab initio.

Moreover, each purchaser and subsequent transferee of the Notes (or any interest therein) that is a Benefit Plan Investor will be deemed to have represented by its acquisition of such Notes that (x) none of the Transaction Parties (i) has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or authority over the investment and management of “plan assets” (a “**Plan Fiduciary**”), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to acquire the Notes (or any interest therein) (unless a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited), and (ii) is acting as a “fiduciary” within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor’s acquisition of the Notes (or any interest therein) and (y) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction and that it is a sophisticated investor who has the ability to independently evaluate the type of transactions contemplated herein or has consulted with such advisers as the Plan Fiduciary deems necessary so that it can satisfy such sophistication standard.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Plan Fiduciary or other person who proposes to use assets of any Plan to acquire the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, or any other applicable Similar Laws, to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code or any other applicable Similar Laws.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated December 29, 2023 (the “**Programme Agreement**”), agreed with us a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*.” We may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by such Dealer. We may also from time to time pay each relevant Dealer a discretionary performance fee as agreed between our Company and such Dealer in respect of Notes to be subscribed by such Dealer. In addition, we may also from time to time agree with the relevant Dealer(s) that we may pay certain third parties commissions (including, without limitation, rebates to certain private banks in connection with the distribution of the Notes to their clients). The commission payable to such private banks will be based on the principal amount of the Notes so distributed and may be deducted from the purchase price for the Notes payable by such private banks upon settlement. In the Programme Agreement, we have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to us.

In order to facilitate the offering of any Tranche of the Notes, a nominated Dealer participating in the offering of the Tranche may engage in transactions that stabilize, maintain or otherwise affect the price of the relevant Notes, which support the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by us. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Under U.K. laws and regulations stabilizing activities may only be carried on by the Stabilizing Manager (or any person acting for the Stabilizing Manager) named in the applicable Pricing Supplement and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

Each of the Dealers and its affiliates may engage in investment or commercial banking and other dealings in the ordinary course of business with our Company or our affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Dealer and its affiliates may, from time to time after completion of the offering of Notes, engage in other transactions with, and perform services for, our Company or our affiliates in the ordinary course of their business. Each Dealer or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold the Notes on behalf of clients or in the capacity of investment advisors. While each Dealer and its affiliates has policies and procedures to deal with conflicts of interests, any such transactions may cause a Dealer or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Dealer may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes. Furthermore, each of the Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with our Company or our Subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or

hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of our Company or our Subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Dealers accordingly.

CMIs are informed that, unless otherwise specific in the applicable Pricing Supplement, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their

order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the Dealers to apply the “proprietary orders” requirements of the SFC Code to such order and will require the Dealers to apply the “rebates” requirements of the SFC Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are requested to provide certain underlying investor information, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). CMIs (including private banks) should contact the Dealers to obtain details on what underlying investor information is required. To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private banks) further warrants that each of them and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

United States

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States (or, in certain circumstances, to, or for the account or benefit of, U.S. persons) except in certain transactions exempt from or not subject to the registration requirements of the Securities Act;
- (b) the Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Notes will be issued in accordance with the provisions of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (“TEFRA D”), unless (i) the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provision of U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“TEFRA C”) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder;
- (c) in connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Category 2 of Regulation S (“Category 2 Notes”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Category 2 Notes (i) as part of their distribution at any time or (ii) otherwise

until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Category 2 Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Category 2 Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Category 2 Notes within the United States or to, or for the account or benefit of, U.S. persons.

- (d) accordingly, if Category 1 is specified in the Pricing Supplement, the Notes are being offered and sold only outside the United States in offshore transaction in reliance on, and in compliance with, Regulation S; and
- (e) until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Notwithstanding anything above to the contrary, it is understood that Registered Notes may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer has represented, agreed and undertaken and each further Dealer appointed under the Programme will be required to represent, agree and undertake, that:

- (a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;
- (b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as qualified institutional buyers within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a QIB);
- (c) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States; and
- (d) no sale of Notes in the United States to any one QIB will be for less than U.S.\$200,000 principal amount or (in each case) its equivalent rounded upwards and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 principal amount of the Notes; and each Note sold as a part of a private placement in the United States and each Regulation S Global Note shall contain a legend in substantially the form set out on the face of such Note in the Trust Deed.

The Issuer has represented and agreed that any resale or other transfer, or attempted resale or other transfer of Notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in the preceding paragraph above shall not be recognized by the Issuer or any agent of the Issuer and shall be void.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable,” each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (1) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA and the regulations made under the EUWA; or
 - (2) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA and the regulations made under the EUWA; or
 - (3) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) *No deposit taking*: in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Italy

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that unless it is specified within the relevant Pricing Supplement that a non-exempt offer may be made into Italy, the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under paragraph (a) or (b) above must:

- (c) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the “**Banking Act**”); and
- (d) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will only be offered in The Netherlands to qualified investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

India

Each Dealer has represented and acknowledged that (a) this Offering Circular has not been and will not be filed, produced or published as an offer document (whether as a prospectus in respect of a public offer or

information memorandum or other offering material in respect of any private placement under the Companies Act, 2013, as amended, and the rules framed thereunder or any other applicable Indian laws) with the Registrar of Companies, the Securities and Exchange Board of India, the RBI, any Indian stock exchange or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India, and (b) the Notes have not been and will not be offered or sold in India by means of any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or an agent, and (c) this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of and offer to subscribe for or purchase any securities in violation of applicable Indian laws and (d) the Notes will not be offered or sold or transferred and have not been offered or sold or transferred to any person who does not meet the Eligibility Requirements.

In the case of Rupee denominated Notes only:

Each Dealer has acknowledged that (a) this Offering Circular has not been and will not be filed, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, 2013, as amended, and the rules framed thereunder or any other applicable Indian laws) with the Registrar of Companies, the Securities and Exchange Board of India, the RBI, any Indian stock exchange or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India; (b) the Notes will not be offered or sold, and have not been offered or sold, in India by means of any document; (c) this Offering Circular or any other offering document or material relating to the Notes will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India; (d) the Notes have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an offer to the public within the meaning of the Companies Act, 2013 as amended, to the extent notified; and other applicable Indian law for the time being in force, advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase or transfer of any securities in violation of any Indian laws; (e) this Offering Circular or any material relating to the Notes has not been and will not be circulated or distributed to any prospective investor who does not meet the Eligibility Requirements or to any offshore branch or subsidiary of an Indian Bank; and (f) the Notes will not be offered or sold or transferred and have not been offered or sold or transferred to any person who does not meet the Eligibility Requirements or to any offshore branch or subsidiary of an Indian Bank.

For the purposes of this section, “**Eligibility Requirements**” shall mean the criteria required to be fulfilled to be an eligible lender under the ECB Guidelines. For a lender to be an eligible lender under the ECB Guidelines, such lender should be a resident of FATF or IOSCO compliant country, including upon transfer of the Notes. However, the following shall also be considered a recognised lender as defined under the ECB Guidelines: (a) multilateral and regional financial institutions where India is a member country; (b) individuals if they are foreign equity holders or for subscription to bonds/debentures listed abroad; and (c) foreign branches / subsidiaries of Indian banks only for foreign currency Notes. Further, foreign branches / subsidiaries of Indian

banks, subject to applicable prudential norms, can participate as arrangers/underwriters/market-makers/traders for Rupee denominated Notes issued overseas. However, (i) such foreign branches or subsidiaries of Indian banks are not permitted to purchase or hold Notes which fall within the categories mentioned in (b) to (e) of serial number V of paragraph 2.1 of Part I of the Master Direction—External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, bearing no RBI/FED/2018-19/67 (as amended and, modified or replaced from time to time) and (ii) underwriting by foreign branches/subsidiaries of Indian banks for issuances by the Indian banks is not allowed.

For the purposes of this section, “**FATF Compliant**” means all of the following:

A resident of a country:

- (a) that is a member of FATF or a member of a FATF style regional body; and
- (b) should not be a country identified in the public statement of the FATF as:
 - (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or
 - (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

For the purposes of this section, “**IOSCO Compliant Country**” means whose securities market regulator is a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements.

Each Dealer has represented and agreed that, to the best of its knowledge and belief, the Notes are only being issued and sold to a person who meets Eligibility Requirements and have not been issued or sold to a person resident in India. Furthermore, this Offering Circular or any other material relating to the Notes has not been and will not be circulated or distributed to any prospective investor who does not meet Eligibility Requirements and who is a person resident in India.

Disclosure of information relating to holders of the Notes

Holders and beneficial owners of the Notes shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The holders and beneficial owners of Notes shall be deemed to confirm that for so long as they hold any Notes, they will meet the Eligibility Requirements. Furthermore, all Noteholders represent and agree that the Notes will not be offered or sold on the secondary market to any person who does not meet the Eligibility Requirements.

The holders and beneficial owners of Notes shall be deemed to confirm that for so long as they hold any Notes, they shall comply with the requirements or conditions as set out under the ECB Directions and any other applicable regulations, notifications, circulars or guidelines issued in respect of external commercial borrowings, as construed in accordance with the Foreign Exchange Management Act, 1999, and Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (each as amended, modified or replaced, from time to time).

To comply with applicable laws and regulations, our Company or our duly appointed agent may from time to time request Euroclear and Clearstream or, as the case may be, DTC, to provide them with details of the accountholders within Euroclear and Clearstream or, as the case may be, DTC, as may be appropriate, that hold the Notes and the number of Notes held by each such accountholder. Euroclear and Clearstream or, as the case may be, DTC, participants which are holders of the Notes or intermediaries acting on behalf of such

Noteholders would be deemed to have hereby authorized Euroclear and Clearstream or, as the case may be, DTC, as may be appropriate, to disclose such information to our Company or our duly appointed agent.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the “SFO”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, warrant and undertake that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the

laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither we, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of our Company, the Trustee, the Arrangers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as we and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

TRANSFER RESTRICTIONS

Purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is outside the United States and, if Category 2 is specified in the applicable Pricing Supplement, is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or, if Category 2 is specified in the applicable Pricing Supplement, to, or for the account or benefit of, U.S. persons, except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States and, if Category 2 is specified in the applicable Pricing Supplement, is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States to a non-U.S. person in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;
- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE

SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).;” and

- (vii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make, and does make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one QIB will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each

person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent) principal amount of Registered Notes.

Each purchaser of Bearer Notes will be required to acknowledge, represent and agree:

- (i) that it is a non-U.S. person and it is located outside the United States (within the meaning of Regulation S);
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered, sold, pledged or otherwise transferred except as set forth below;
- (iii) that if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date that is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof or (b) outside the United States to a non-U.S. person in compliance with Rule 903 or Rule 904 under the Securities Act;
- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable; and
- (v) that the Issuer and others will rely upon the trust and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make, and does make, the foregoing acknowledgements, representations and agreements on behalf of such account.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND IND-AS

The audited financial statements of the Issuer included in this Offering Circular are presented in accordance with IND-AS (on or after April 1, 2018), which differ from IFRS. The matters described below cannot necessarily be expected to reveal all differences between IFRS and IND-AS which are relevant to the Issuer. Consequently, there can be no assurance that these are the only differences in the accounting principles that could have a significant impact on the financial information included in this Offering Circular. Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between IFRS and IND-AS which may result from prospective changes in accounting standards. In making an investment decision, investors must rely upon their own examination of the Issuer's business, the terms of the offerings and the financial information included in this Offering Circular. Potential investors should consult with their own professional advisers for a more thorough understanding of the differences between IFRS and IND-AS and how those differences might affect the financial information included in this Offering Circular.

The MCA via its notification dated March 30, 2016, has included Housing Finance Companies in the definition of a NBFC. The notification further explains that NBFCs having a net worth of Rs.5,000 million or more as of March 31, 2016, shall comply with IND-AS for accounting periods beginning on or after April 1, 2018, with comparatives for the periods ending on March 31, 2019. Therefore, the Issuer is subject to this notification.

Areas of Difference	IFRS	IND-AS
Primary literature	IAS 1 — Presentation of Financial Statements	IND-AS 1 — Presentation of Financial Statements
Statement of profit or loss and other comprehensive income (statement of comprehensive income)	The statement of profit or loss and other comprehensive income includes all items of income and expense — (i.e. all “owner” and “non-owner” changes in equity) including: • components of profit or loss; and • other comprehensive income. These items may be presented either: (a) in a single statement of profit or loss and other comprehensive income; or (b) in a separate statement of profit or loss and a statement profit or loss and other comprehensive income (beginning with profit or loss and displaying components of other comprehensive income).	An entity is required to present all items of income and expense including components of other comprehensive income in a period in a single statement of profit and loss. Additionally, Ministry of Corporate Affairs has issued Schedule III for Companies required to comply with IND-AS which also provides guidance on presentation of financial statements.

Areas of Difference	IFRS	IND-AS
Statement of changes in equity	The statement of changes in equity includes the following information: • total comprehensive income for the period; • the effects on each component of equity of retrospective application or retrospective restatement in accordance with IAS8; and • for each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.	Similar to IFRS. Additionally, Ministry of Corporate Affairs has issued Schedule III for Companies required to comply with IND-AS which also provides guidance on presentation of financial statements.
Extraordinary items	Presentation of any items of income or expense as extraordinary is prohibited.	Similar to IFRS Additionally, the format of statement of profit and loss in Schedule III issued by MCA includes exceptional items.
Reclassification	When comparative amounts are reclassified, the nature, amount and reason for reclassification are disclosed.	Similar to IFRS
Critical judgments	Requires disclosure of critical judgments made by management in applying accounting policies. For example: estimating goodwill impairment, impairment of trade receivables, etc.	Similar to IFRS
Estimation uncertainty	Requires disclosure of key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. The nature of the uncertainty and the carrying amounts of such assets and liabilities at the end of the reporting period are required to be disclosed. For example: estimating useful life of intangible assets, estimating defined benefit obligation, etc.	Similar to IFRS

Areas of Difference	IFRS	IND-AS
Primary literature	IAS 7 — Statement of Cash Flows	IND-AS 7 — Statement of Cash Flows
Bank Overdrafts	Included as cash and cash equivalents if they form an integral part of an entity's cash management.	Similar to IFRS
Interest and dividend	May be classified as operating, investing or financing activities in a manner consistent from period to period.	For Financial enterprises: Interest paid and interest and dividend received are to be classified as operating activities. Dividend paid is to be classified as financing activity. For other enterprises: Interest and dividends received are required to be classified as investing activities. Interest and dividends paid are required to be classified as financing activities
Primary literature	IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors	IND-AS 8 — Accounting Policies, Changes in Accounting Estimates and Errors
Changes in accounting policies	Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.	Similar to IFRS
Errors	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.	Similar to IFRS
Primary literature	IAS 10 — Events After the Reporting Period	IND-AS 10 — Events After the Reporting Period
Dividends	Liability for dividends declared to holders of equity instruments are recognized in the period when declared. It is a non-adjusting event. An entity shall provide disclosure for each material non-adjusting event	Similar to IFRS

Areas of Difference	IFRS	IND-AS
	such as proposed dividends in notes to accounts.	
Primary Literature	IAS 12 — Income Taxes	IND-AS 12 — Income Taxes
Deferred income taxes	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.	Similar to IFRS
Recognition of deferred tax assets and Liabilities	Deferred income taxes are recognized for all temporary differences between accounting and tax base of assets and liabilities.	Similar to IFRS
Recognition of deferred tax assets for unused tax losses etc.	Deferred tax asset is recognized for carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Where an entity has a history of tax losses, the entity recognizes a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.	Similar to IFRS
Investments in subsidiaries, branches, and associates and interests in joint arrangements	Deferred tax liability for all taxable temporary differences are recognized except to the extent: - the parent, the investor, the venturer or joint operator is able to control timing of the reversal of the temporary difference; and - it is probable that the temporary difference will not reverse in the foreseeable future.	Similar to IFRS
Primary Literature	IFRS AS 18 — Revenue	IND-AS 18 — Revenue
	IAS 11 — Construction Contracts	IND-AS 11 — Construction Contracts
Definition	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity,	Similar to IFRS

Areas of Difference	IFRS	IND-AS
	other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales and service taxes and value added taxes are excluded from revenue.	
Measurement	Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognized as interest revenue using the effective interest method.	Similar to IFRS except for companies to whom guidance note on accounting for real estate transactions applies.
Interest	Interest income is recognized using the effective interest method.	Similar to IFRS
Primary literature	IAS 16 — Property, Plant and Equipment	IND-AS 16 — Property, Plant and Equipment
Transfers from revaluation reserve	Transfers from revaluation reserve to retained earnings are made directly and not through profit or loss.	Similar to IFRS
Change in method of depreciation	Changes in depreciation method are considered as changes in accounting estimate and applied prospectively.	Similar to IFRS
Primary Literature	IFRS 16 — Leases	IND-AS 116 — Leases
Subsequent measurement of investment property	IFRS 16 provides that if a lessee applies the fair value model to its investment property, it shall apply the fair value model to right of use assets that meet the definition of investment property.	Since IND AS 40 does not allow the use of fair value model. Consequently, any reference of the fair value model appearing anywhere under IND AS 116 is not applicable.
Interest Portion of lease liability & Classification in cash flow statement	IFRS 16 requires the classification of cash payment for the interest portion of lease liability, as part of the requirement under IAS 7, which provides the option of treating interest paid as operating or financing activity.	IND AS 7 requires interest paid to be treated as financing activity only. Accordingly, IND AS 116 has been modified.

Areas of Difference	IFRS	IND-AS
Primary literature	IAS 19 — Employee Benefits	IND-AS 19 — Employee Benefits
Short-term compensated Absences	Short-term employee benefits include paid annual leave and paid sick leave if it is expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.	Similar to IFRS
Actuarial valuation	Detailed actuarial valuation to determine the present value of the net defined benefit liability (asset) is performed with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would have been determined at the end of the reporting period. IAS 19 does not specify sufficient regularity.	Similar to IFRS
Actuarial gains and losses	Actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognized in other comprehensive income and not reclassified to profit or loss in a subsequent period.	Similar to IFRS
Discount rate	Post-employment benefit obligations (both funded and unfunded) are discounted using a discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds denominated in that currency should be used.	Post-employment benefit obligations (both funded and unfunded) should be discounted using a discount rate determined by reference to market yields at the end of the reporting period on government bonds. However, subsidiaries, joint ventures, associates and branches domiciled outside India should use a rate determined by reference to market yields on high quality corporate bonds at the end of reporting period. In case such subsidiaries, joint ventures, associates and branches are domiciled in countries where there is no deep market in such bonds, the market yields on government bonds of that country should be used.
Past service cost and curtailments	Past service cost (includes curtailments) is recognized as an expense at the earlier of the following dates:	Similar to IFRS

Areas of Difference	IFRS	IND-AS
	• when the plan amendment or curtailment occurs; and • when the entity recognizes related restructuring costs or termination benefits.	
Primary literature	IAS 21 — The Effects of Changes in Foreign Exchange Rates	IND-AS 21 — The Effects of Changes in Foreign Exchange Rates
Functional and presentation Currency	Functional currency is the currency of the primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented.	Similar to IFRS
Translation in the consolidated financial Statements	Assets and liabilities should be translated from functional currency to presentation currency at the closing rate at the date of the statement of financial position; income and expenses at actual/average rates for the period; exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. These are reclassified from equity to profit or loss (as a reclassification adjustment) when the subsidiary/associate is sold.	Similar to IFRS
Forward exchange contracts	All forward contracts are accounted as derivative instruments. The guidance for accounting of derivative instruments is provided in IFRS 9.	Similar to IFRS
Change in functional currency	Change in functional currency is applied prospectively. The fact of change in functional currency and the reason for the change in functional currency should be disclosed.	Similar to IFRS. Additionally, the date of change in functional currency is also required to be disclosed.
Primary literature	IAS 24 — Related Party Disclosures	IND-AS 24 — Related Party Disclosures
Post-employment benefit plans	Related party includes post-employment benefit plans for the benefit of employees of the reporting	Similar to IFRS

Areas of Difference	IFRS	IND-AS
	entity or any entity that is related to the reporting entity.	
Key management personnel	Compensation of key management personnel is disclosed in total and separately for: • Short-term employee benefits; • Post-employment benefits; • Other long-term benefits; • Termination benefits; and • Share-based payments.	Similar to IFRS
Items to be disclosed	If an entity has related party transactions during the period covered by the financial statements, the amount of such transactions and the amount of outstanding, balances, including commitments, need to be disclosed.	Similar to IFRS
Primary literature	IAS 32 — Financial Instruments: Presentation	IND-AS 32 — Financial Instruments: Presentation
Classification of financial liabilities	Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement, (and not its legal form), and the definition of financial liabilities and equity instruments.	Similar to IFRS
Offsetting	A financial asset and financial liability can only be offset if the entity currently has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.	Similar to IFRS
Primary literature	IAS 36 — Impairment of Assets	IND-AS 36 — Impairment of Assets
Annual impairment test for goodwill and intangibles	Goodwill and intangible assets not yet available for use and indefinite life intangible assets are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.	Similar to IFRS

Areas of Difference	IFRS	IND-AS
Primary literature	IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IND-AS 37 — Provisions, Contingent Liabilities and Contingent Assets
Recognition of provisions	A provision is recognized only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably.	Similar to IFRS
Discounting	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.	Similar to IFRS
Primary literature	IAS 38 — Intangible Assets	IND-AS 38 — Intangible Assets
Measurement	Intangible assets can be measured at either cost or revalued amounts.	Similar to IFRS
Goodwill	Not amortized but subject to annual impairment test or more frequently whenever there is an impairment indication.	Similar to IFRS However, in case where goodwill is created under an approved scheme of arrangement, accounting for goodwill would be governed by the scheme.
Primary literature	IAS 40 — Investment Property	IND-AS 40 — Investment Property
Definition and scope	Investment property is land or building (or part thereof) or both held (whether by owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both.	Similar to IFRS
Measurement	Investment property is measured initially at cost. Investment properties can subsequently be measured using the cost or the fair value model, with changes in fair value recognized in profit or loss.	Investment properties are measured using the cost model. Fair value model is not permitted. Detailed disclosures pertaining to fair value have to be given.
Primary literature	IFRS 3 — Business Combinations	IND-AS 103 — Business Combinations
The pooling of interests and purchase method	All business combinations, other than those between entities under common control, are accounted for using the purchase method. An acquirer is identified for all business combinations, which is the entity that obtains control of the other combining entity.	Business combination transactions between entities under common control should be accounted for using the ‘pooling of interests’ method. In case where the business combination transaction is through an approved scheme of arrangement, the accounting

Areas of Difference	IFRS	IND-AS
Goodwill measurement	There is no guidance for business combination between entities under common control. As a result, entities can account for such transactions using either book value or fair value method. Goodwill is measured as the difference between: (a) the aggregate of: the acquisition-date fair value of the consideration transferred; less (b) the amount of any non-controlling interest; and (c) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. If the above difference is negative, the resulting gain is recognized as a bargain purchase in profit or loss.	for the transaction prescribed in the scheme will apply. Similar to IFRS. However, any gain on bargain purchase is recognized in other comprehensive income and accumulated in equity as capital reserve. If there is no clear evidence of the underlying reason for classification of the business combination as a bargain purchase, the resulting gain is recognized directly in equity as capital reserve.
Primary literature	IFRS 8 — Operating Segments	IND-AS 108 — Operating Segments
Determination of segments	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	Similar to IFRS
Measurement	A reconciliation is provided for between information disclosed for reportable segments and the aggregate information in entity's financial statements. Segment profit or loss is reported on the same measurement basis as that used by chief operating decision maker. Segment information is not required to be in conformity with accounting policies adopted for preparing financial statements. However, a reconciliation is required of segment performance measures reported with the corresponding amounts reported in financial statements.	Similar to IFRS

Areas of Difference	IFRS	IND-AS
Entity wide disclosures	Disclosures are required of external revenue from each product or service, from customers in country of domicile and foreign countries and geographical information on non-current assets. Information on major customers is disclosed if revenue from each customer is 10.0% or more of total segment revenues.	Similar to IFRS
Primary literature	IFRS 9 — Financial Instruments	IND-AS 109 — Financial Instruments
Investments, deposits loans and advances	All financial assets are classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss or recognized in other comprehensive income.	Similar to IFRS
Impairment	The impairment model in IFRS 9 is based on expected credit losses. Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to: The 12 month expected credit losses; or Lifetime expected credit losses if credit risk has increased significantly since initial recognition of the financial instrument.	Similar to IFRS
Primary Literature	IAS 27 — Separate Financial Statements	IND-AS 27—Separate Financial Statements
	IFRS 10 — Consolidated Financial Statements	IND-AS 110 —Consolidated Financial Statements
	IFRS 12 — Disclosure of Interests in Other Entities	IND-AS 112 — Disclosure of Interests in Other Entities
Definition of control	Control is based on whether an investor has: power over the investee;	Similar to IFRS

Areas of Difference	IFRS	IND-AS
	• exposure or rights to variable return from its involvement with the investee; and • the ability to use its power over the investee to affect the amounts of the returns. Control is based on substance of the transaction.	
Exclusion of subsidiaries, associates and joint ventures	Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for “temporary control,” “different lines of business” or “subsidiary/associate/joint venture that operates under severe long-term funds transfer restrictions.”	Similar to IFRS
Disclosure of nature and risk associated with interest in other entities	IFRS 12 requires disclosures for significant judgements and assumptions such as how control, joint control and significant influence has been determined along with detailed analysis.	Similar to IFRS
Primary Literature	IFRS7 — Financial Instruments: Disclosure	IND-AS 107 — Financial Instruments: Disclosure
Some improved disclosures	Requires disclosure of information about the nature and extent of risks arising from financial instruments: • qualitative disclosures about exposures to each type of risk and how those risks are managed; and • quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).	Similar to IFRS
Primary literature	IFRS 13 — Fair Value Measurement	IND-AS 113 — Fair Value Measurement
Definition	Fair Value is defined as 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.	Similar to IFRS

Areas of Difference	IFRS	IND-AS
	Fair value measurement applies when another IFRS requires or permits fair value measurement or disclosures.	

GENERAL INFORMATION

Authorization

1. The shareholders of our Company authorized the Board by resolutions dated July 30, 2024, 2023, to borrow up to INR 2,350,000.0 million pursuant to Section 180(1)(c) of the Companies Act, 2013 and create security over its assets to secure borrowings up to INR 2,937,500 .0 million pursuant to Section 180(1)(a) of the Companies Act, 2013, respectively. The Board by a resolution dated April 27, 2017, approved the issuance of the Rupee Denominated Bonds up to INR 50,000.00 million and creation of security over the Company's assets, read with the resolution dated April 27, 2018 passed by the Board of Directors to approve the issuance of Bonds denominated in permissible foreign currency as well. The Debt Issuance Committee, by way of its resolution dated February 22, 2018, approved the establishment of a Medium Term Note Programme and issuance of (i) Rupee Denominated Bonds and (ii) Notes denominated in other currencies (as and when approved by the Board of Directors of the Company and permitted by the RBI), in each case, under the Programme up to INR 50,000.0 million. In light of the provisions of the ECB Directions as well as the resolution of the Board dated April 27, 2018, the Company is now permitted to issue Bonds in other currencies as well. The update of the Programme to a Global Medium Term Note Programme and the issue of Notes thereunder up to U.S.\$3,000,000,000 was duly authorized by a resolution of the Banking and Finance Committee dated December 27, 2019. The update of this Programme and issue of Notes thereunder up to U.S.\$3,000,000,000 was duly authorized by a resolution of the Banking and Finance Committee dated December 24, 2020. The update of this Programme and issue of Notes thereunder up to U.S.\$3,500,000,000 has been duly authorized by resolutions of the Board dated January 28, 2021, April 29, 2021 and January 24, 2022, and a resolution of the Banking and Finance Committee dated December 31, 2024 in this regard.

Listing

2. Application has been made to the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Clearing systems

3. The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for each series of Registered Notes intended to be eligible for sale pursuant to Rule 144A of such Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

No significant change

4. Except as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of our Company since September 30, 2024.

Litigation

5. Except as disclosed in this Offering Circular, we are not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which we are aware) which may have or have had in the 12 months preceding the date of this document a significant effect on our financial position.

Accounts

6. The joint auditors of our Company in respect of the audited financial statements as of and for the years ended March 31, 2022, 2023 and 2024 were as follows:

KKC & Associates LLP (formerly Khimji Kunverji & Co LLP) and Sundaram & Srinivasan

Such auditors have audited our unconsolidated and consolidated financial statements as of and for the years ended March 31, 2022, 2023 and 2024, without qualification, in accordance with generally accepted auditing standards in India for the period mentioned above.

The joint auditors of our Company in respect of the reviewed financial statements as of and for the six months ended September 30, 2024 (including the unaudited comparatives for the six months ended September 30, 2023) were as follows:

M M Nissim & Co LLP and G.D. Apte & Co.

Such auditors have reviewed our unaudited standalone quarterly financial results for the quarter and half year ended September 30, 2024, without qualification, in accordance with generally accepted auditing standards in India for the period mentioned above.

Documents Available

7. So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the specified office of the Principal Paying Agent in London:
 - (a) our audited unconsolidated and consolidated financial statements as of and for the years ended March 31, 2022, 2023 and 2024;
 - (b) our reviewed unaudited standalone quarterly financial results for the quarter and half year ended September 30, 2024 (including unaudited comparatives for the six months ended September 30, 2023);
 - (c) the Programme Agreement, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
 - (d) a copy of this Offering Circular;
 - (e) any future offering circulars, prospectuses, information memoranda and supplements, including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to us and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
 - (f) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

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M M Nissim & Co LLP
Chartered Accountants

Barodawala Mansion,
B wing, 3rd Floor,
81, Dr. Annie Besant Road,
Worli, Mumbai 400018

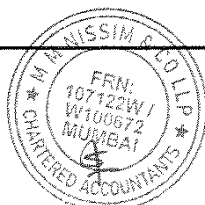
G. D. Apte & Co.
Chartered Accountants

Neelkanth Business Park,
Office No. 509, 5th floor,
Nathani Road, Vidyavihar West
Mumbai 400086

Independent auditor's review report on Unaudited Standalone Quarterly Financial Results of Shriram Finance Limited for the quarter and half year ended September 30, 2024, pursuant to Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To the Board of Directors of
Shriram Finance Limited (Formally, Shriram Transport Finance Company Limited)**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Shriram Finance Limited ("the NBFC"), for the quarter and half year ended September 30, 2024 ("the Statement") attached herewith, being submitted by the NBFC pursuant to the requirements of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India ("the SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").
2. This Statement, which is the responsibility of the NBFC's Management and approved by the Board of Directors of the NBFC, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting' ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ("the Act") as amended read with relevant rules issued thereunder and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time, applicable to the NBFC ("RBI guidelines") and other accounting principles generally accepted in India, and in compliance with the presentation and disclosure requirement under Regulation 33 and Regulation 52 of the Listing Regulations. 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 ("ICAI"). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review of interim financial information consists of making inquiries, primarily of the personnel 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 specified under Section 143(10) of the Act 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 Ind AS 34, prescribed under Section 133 of the Act, as amended read with relevant rules issued thereunder, the RBI guidelines and other accounting principles generally accepted in India, has not disclosed



the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by RBI in respect of income recognition, asset classification, provisioning, to the extent applicable to the NBFC, and other related matters.

5. As described in note 20 to the Statement, the figures for the quarter ended June 30, 2024 and for the quarter and half year ended September 30, 2023 as reported in this Statement were reviewed by predecessor joint auditors who expressed an unmodified conclusion on those Standalone Financial Results vide their Review Report dated July 26, 2024 and October 26, 2023 respectively. Figures for the year ended March 31, 2024 as reported in this Statement were audited by predecessor joint auditors who expressed an unmodified opinion on those annual Standalone Financial Results vide their audit report dated April 26, 2024.

Our conclusion on the Statement is not modified in respect of this matter.

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



Manish Singhania
Partner

Membership Number: 155411
ICAI UDIN: 24155411BKGYEJ3140



Place: Mumbai
Date: October 25, 2024

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W



Umesh S. Abhyankar
Partner

Membership Number: 113053
ICAI UDIN: 24113053BKBFPI5674

Place: Mumbai
Date: October 25, 2024



SHRIRAM FINANCE LIMITED (formerly Shriram Transport Finance Company Limited)

CIN: L65191TN1979PLC007874

Regd. Office: Sri Towers, 14A, South Phase, Industrial Estate, Guindy, Chennai – 600 032, Tamil Nadu.

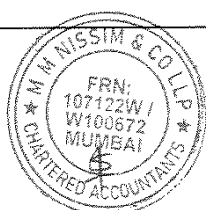
Tel. No: +91 44 4852 4666, Fax: +91 44 4852 5666, Website-www.shriramfinance.in, Email-secretarial@shriramfinance.in

Notes:

1 Statement of standalone assets and liabilities

(Rs. in crores)

Sr. No.	Particulars	As at	
		30.09.2024 (Unaudited)	31.03.2024 (Audited)
	ASSETS		
(1)	Financial assets		
(a)	Cash and cash equivalents	11,028.98	6,013.37
(b)	Bank balance other than (a) above	6,125.23	4,799.27
(c)	Derivative financial instruments	309.86	330.48
(d)	Receivables		
(I)	Trade receivables	24.27	51.63
(II)	Other receivables	292.27	332.96
(e)	Loans	2,24,654.73	2,07,929.41
(f)	Investments	11,433.02	10,656.64
(g)	Other financial assets	70.99	68.24
	Total financial assets	2,53,939.35	2,30,182.00
(2)	Non-financial assets		
(a)	Current tax assets (net)	687.39	572.51
(b)	Deferred tax assets (net)	3,303.00	2,884.03
(c)	Investment property	-	0.98
(d)	Property, plant and equipment	920.76	845.77
(e)	Intangible assets under development	3.72	-
(f)	Goodwill	1,406.73	1,406.73
(g)	Other intangible assets	883.57	1,033.93
(h)	Other non-financial assets	365.31	350.43
	Total non-financial assets	7,570.48	7,094.38
(3)	Non-current Assets held for sale/ disposal	1,563.21	-
	Total assets	2,63,073.04	2,37,276.38
	LIABILITIES AND EQUITY		
	Liabilities		
(1)	Financial liabilities		
(a)	Derivative financial instruments	0.07	-
(b)	Payables		
(I)	Trade payables		
(i)	total outstanding dues of micro enterprises and small enterprises	-	0.02
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	297.79	211.73
(II)	Other payables		
(i)	total outstanding dues of micro enterprises and small enterprises	0.58	2.25
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	1.19	3.16
(c)	Debt securities	56,147.09	44,948.61
(d)	Borrowings (other than debt securities)	98,464.28	92,148.80
(e)	Deposits	50,196.41	44,443.66
(f)	Subordinated liabilities	3,011.84	4,300.07
(g)	Other financial liabilities	1,890.51	1,848.39
	Total financial liabilities	2,10,009.76	1,87,906.69
(2)	Non-financial liabilities		
(a)	Current tax liabilities (net)	500.76	237.79
(b)	Provisions	316.73	296.21
(c)	Other non-financial liabilities	110.18	267.30
	Total non-financial liabilities	927.67	801.30
	Total liabilities	2,10,937.43	1,88,707.99
(3)	Equity		
(a)	Equity share capital	375.99	375.79
(b)	Other equity	51,759.62	48,192.60
	Total equity	52,135.61	48,568.39
	Total liabilities and equity	2,63,073.04	2,37,276.38



SHRIRAM FINANCE LIMITED (formerly Shriram Transport Finance Company Limited)

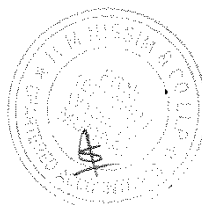
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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF-YEAR ENDED SEPTEMBER 30, 2024

Sr. No.	Particulars	Quarter Ended			Half-Year Ended		Year Ended
		30.09.2024 (Unaudited)	30.06.2024 (Unaudited)	30.09.2023 (Unaudited)	30.09.2024 (Unaudited)	30.09.2023 (Unaudited)	31.03.2024 (Audited)
	Revenue from operations						
(i)	Interest income	9,814.50	9,362.79	8,216.56	19,177.29	15,904.51	33,599.66
(ii)	Dividend income	1.69	-	1.45	1.69	1.45	1.45
(iii)	Rental income	-	-	0.06	-	0.12	0.13
(iv)	Fees and commission income	114.26	103.77	106.51	218.03	173.28	457.38
(v)	Net gain on fair value changes	15.06	(12.64)	1.56	2.42	72.80	95.65
(vi)	Net gain on derecognition of financial instruments under amortised cost category	47.02	43.27	112.52	90.29	189.37	324.65
(vii)	Other operating income	97.01	95.15	116.82	192.16	216.78	485.49
(I)	Total revenue from operations	10,089.54	9,592.34	8,555.48	19,681.88	16,558.31	34,964.41
(II)	Other income	7.14	4.73	8.97	11.87	14.15	33.20
(III)	Total income (I + II)	10,096.68	9,597.07	8,564.45	19,693.75	16,572.46	34,997.61
	Expenses						
(i)	Finance costs	4,350.42	4,128.91	3,621.86	8,479.33	7,109.40	14,806.12
(ii)	Fees and commission expenses	146.78	101.33	104.01	248.11	188.29	428.69
(iii)	Impairment on financial instruments	1,234.99	1,187.55	1,128.55	2,422.54	2,007.16	4,518.34
(iv)	Employee benefits expenses	906.67	868.35	790.38	1,775.02	1,580.77	3,215.59
(v)	Depreciation, amortization and impairment	158.86	153.48	136.78	312.34	268.65	568.83
(vi)	Other expenses	547.43	490.86	430.59	1,038.29	818.29	1,776.40
(IV)	Total expenses	7,345.15	6,930.48	6,212.17	14,275.63	11,972.56	25,313.97
(V)	Profit before exceptional items and tax (III - IV)	2,751.53	2,666.59	2,352.28	5,418.12	4,599.90	9,683.64
(VI)	Exceptional items	-	-	-	-	-	-
(VII)	Profit before tax (V + VI)	2,751.53	2,666.59	2,352.28	5,418.12	4,599.90	9,683.64
(VIII)	Tax expense:						
(1)	Current tax	815.19	995.29	808.81	1,810.48	1,526.88	3,400.06
(2)	Deferred tax	(134.92)	(309.29)	(207.37)	(444.21)	(353.26)	(906.90)
(IX)	Profit for the period from continuing operations (VII - VIII)	2,071.26	1,980.59	1,750.84	4,051.85	3,426.28	7,190.48
(X)	Profit for the period	2,071.26	1,980.59	1,750.84	4,051.85	3,426.28	7,190.48
(XI)	Other comprehensive income						
(A) (i)	Items that will not be reclassified to profit or loss						
	Remeasurement gain/ (loss) on defined benefit plan	(8.10)	(0.96)	(14.51)	(9.06)	(27.71)	(78.09)
	Gain/ (loss) on fair valuation of quoted investments in equity shares	(3.45)	3.07	(1.45)	(0.38)	12.72	16.49
(ii)	Income tax relating to items that will not be reclassified to profit or loss	2.91	(0.53)	4.01	2.38	3.77	15.50
	Subtotal (A)	(8.64)	1.58	(11.95)	(7.06)	(11.22)	(46.10)
(B) (i)	Items that will be reclassified to profit or loss						
	Cash flow hedge reserve						
	Gain/ (loss) on effective portion of hedging instruments in a cash flow hedge	101.24	8.53	148.33	109.77	44.77	(56.12)
(ii)	Income tax relating to items that will be reclassified to profit or loss	(25.48)	(2.15)	(37.33)	(27.63)	(11.27)	14.12
	Subtotal (B)	75.76	6.38	111.00	82.14	33.50	(42.00)
	Other comprehensive income for the period (A + B)	67.12	7.96	99.05	75.08	22.28	(88.10)
(XII)	Total comprehensive income for the period (X + XI)	2,138.38	1,988.55	1,849.89	4,126.93	3,448.56	7,102.38
(XIII)	Paid-up equity share capital (Face value Rs. 10/- per share)	375.99	375.91	375.35	375.99	375.35	375.79
(XIV)	Other equity						48,192.60
(XV)	Earnings per equity share (Not annualised for the interim periods)						
	Basic (Rs.)	55.09	52.70	46.67	107.79	91.40	191.63
	Diluted (Rs.)	55.01	52.60	46.51	107.62	91.03	191.02



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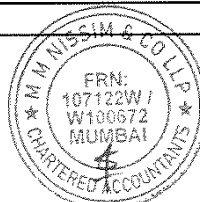
Tel. No: +91 44 4852 4666, Fax: +91 44 4852 5666. Website-www.shriramfinance.in, Email-secretarial@shriramfinance.in

Notes:

2 Standalone cash flow statement

(Rs. in crores)

Particulars	Half-Year Ended	
	30.09.2024 (Unaudited)	30.09.2023 (Unaudited)
A. Cash flow from operating activities		
Profit before tax	5,418.12	4,599.90
Adjustments for:		
Depreciation, amortisation and impairment	312.34	268.65
Share based payments to employees	-	9.30
Interest income on loans	(18,591.77)	(15,363.32)
Finance costs	8,479.33	7,109.40
Loss/(profit) on sale of property, plant and equipment (net)	2.27	(3.50)
Fair value adjustments to investments	(0.17)	1.00
Dividend income	(1.69)	(1.45)
Impairment on loans	2,400.47	1,998.90
Impairment on investments	10.56	10.23
Impairment on undrawn loan commitment	11.53	(6.67)
Impairment on other assets	(0.02)	4.70
Unwinding of security deposit	(2.86)	(2.44)
Net (gain)/loss on fair value changes on derivatives	0.07	-
Net (gain)/loss on fair value changes on investment	(36.02)	(95.46)
Net (gain)/loss on fair value changes on direct assignment	33.53	22.66
Net gain on derecognition of financial instruments under amortised cost category	(90.29)	(189.37)
Cash inflow from interest on loans	17,911.58	14,852.29
Cash outflow towards finance costs	(6,222.78)	(5,678.10)
Operating profit before working capital changes	9,634.20	7,536.72
Movements in working capital:		
Decrease/(increase) in loans	(18,445.60)	(16,676.08)
Decrease/(increase) in investments	(2,311.68)	(387.94)
Decrease/(increase) in receivables	124.78	90.80
Decrease/(increase) in bank deposits	(1,325.96)	1,276.49
Decrease/(increase) in other financial assets	(2.73)	(2.99)
Decrease/(increase) in other non-financial assets	(8.90)	20.55
Increase/(decrease) in payables	86.04	26.66
Increase/(decrease) in other financial liabilities	4.11	246.69
Increase/(decrease) in non-financial liabilities	(157.12)	(105.50)
Increase/(decrease) in other provision	(0.07)	21.93
Cash used in operations	(12,402.93)	(7,952.67)
Direct taxes paid (net of refunds)	(1,662.39)	(1,428.78)
Net cash flows from/(used in) operating activities (A)	(14,065.32)	(9,381.45)
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(103.30)	(70.56)
Proceeds from sale of property, plant and equipment	2.61	1.81
Purchase of intangible assets under development	(3.72)	-
Purchase of other intangible assets	(30.05)	(50.89)
Proceeds from sale of investment property	-	4.72
Net cash generated from/(used in) investing activities (B)	(134.46)	(114.92)



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Notes:**2 Standalone cash flow statement**

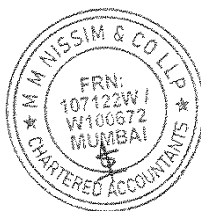
(Rs. in crores)

Particulars	Half-Year Ended	
	30.09.2024 (Unaudited)	30.09.2023 (Unaudited)
C. Cash flow from financing activities		
Proceeds from issue of share capital and share application pending allotment (including share premium)	4.19	19.83
Proceeds/(repayment) on settlement of derivative contracts	20.62	382.42
Increase/(decrease) in fixed deposits (net)	5,103.50	4,148.03
Amount received from debt securities	19,256.10	6,342.50
Repayment of debt securities	(8,936.46)	(9,107.85)
Proceeds/(repayment) of subordinated debts	(1,379.57)	(236.54)
Amount received from borrowings other than debt securities	46,550.60	34,260.64
Repayment of borrowings other than debt securities	(40,732.65)	(29,329.42)
Payment of lease liabilities	(106.28)	(98.55)
Dividend paid	(564.66)	(749.94)
Net cash generated from/(used in) financing activities (C)	19,215.39	5,631.12
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	5,015.61	(3,865.25)
Cash and cash equivalents at the beginning of the year	6,013.37	9,505.30
Cash and cash equivalents at the end of the period	11,028.98	5,640.05

Components of cash and cash equivalents

(Rs. in crores)

Cash and cash equivalents at the end of the period	As at	
	30.09.2024 (Unaudited)	30.09.2023 (Unaudited)
i) Cash on hand	145.82	140.39
ii) Cheques on hand	3.66	3.23
iii) Balances with banks (of the nature of cash and cash equivalents)	3,685.73	3,675.09
iv) Call money (CBLO)	999.82	-
v) Bank deposit with original maturity upto three months or less	6,193.95	1,821.34
Total	11,028.98	5,640.05



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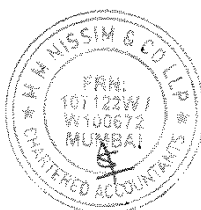
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Notes:

- 3 The above results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors in their respective meetings held on October 25, 2024.
- 4 The Standalone Financial Results (the 'Statement' or 'Results') together with the Results for the comparative reporting periods have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS') 34 - Interim Financial Reporting and as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 read with Regulation 63 (2) of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations').

These standalone financial results would be available on the website of the Company (www.shriramfinance.in) and on the website of BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).
- 5 The Company has applied its material accounting policies in the preparation of this Statement consistent with those followed in the standalone financial statements for the year ended March 31, 2024. Any application of guidance/ clarification/ directions issued by Reserve Bank of India (RBI) or other regulations are implemented prospectively when they become applicable.
- 6 The standalone financial results for the quarter and half-year ended September 30, 2024 have been reviewed by the joint statutory auditors, viz. M M Nissim & Co LLP, Chartered Accountants and G. D. Apte & Co., Chartered Accountants.
- 7 The Board of Directors of the Company in its meeting held on May 13, 2024 had approved the proposal for disinvestment of the Company's entire stake in Shriram Housing Finance Limited (SHFL), a debt-listed non-material subsidiary of the Company and in this regard, the Company has entered into the share purchase agreement with Mango Crest Investment Ltd (an affiliate of Warburg Pincus). Approvals from Competition Commission of India (CCI) and RBI have been received. The approval from RBI is subject to compliance of certain conditions by the buyer. The management believes that the sale is highly probable and accordingly, the investment in SHFL has been classified as held for sale in accordance with Ind AS 105. The investment has been measured at lower of carrying value and fair value less cost to sell.
- 8 The Board of Directors of the Company in its meeting held on April 26, 2024 had approved acquisition of 100% equity stake in Shriram Overseas Investments Private Limited from Shriram Investments Holdings Private Limited, subject to approval of RBI.
- 9 The Board of Directors in their meeting held on October 25, 2024 declared interim dividend of (220%) Rs. 22/- per equity share of face value of Rs. 10/- each fully paid up for the financial year 2024-25. The record date for payment of interim dividend is November 07, 2024. The interim dividend will be paid to eligible Members on or before November 24, 2024 subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders.
- 10 Pursuant to the final dividend for the financial year 2023-24 approved by the shareholders at the 45th Annual General Meeting held on July 30, 2024, the Company paid the final dividend of (150%) Rs. 15/- per equity share of face value of Rs. 10/- each fully paid up aggregating to Rs. 5,638,967,235/- (gross) subject to deduction of tax at source as per the applicable rate(s) to all the eligible shareholders. The record date for payment of final dividend was July 23, 2024 and the payment was made on August 09, 2024. With this, the total dividend paid for the financial year 2023-24 was Rs. 45/- per equity share (i.e. 450%).
- 11 The Board of Directors of the Company at their meeting held on October 25, 2024, has considered, approved and recommended sub-division/ split of 1 (one) fully paid equity share of face value of Rs. 10/- (Rupees ten only) each held by shareholders of the Company into 5 (five) fully paid equity shares of face value of Rs. 2/- (Rupees two only) each, by alteration of the Capital Clause of the Memorandum of Association of the Company. The sub-division/ split will be subject to approval of Members of the Company.



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Notes:

- 12 During the quarter ended September 30, 2024, the Company allotted 77,656 equity shares of face value of Rs. 10/- each fully paid up at an exercise price of Rs. 193.55 per equity share (including premium of Rs. 183.55 per equity share) under the Shriram Finance Limited Employee Stock Option Scheme 2023 (No. 1) on various dates.
- 13 On September 30, 2024, the Company issued and allotted USD 500,000,000 6.15% senior secured notes due 2028 in offshore market (Social Bonds) for a sum of Rs. 41,834,581,650/- under USD 3.5 Billion Global Medium Term Note Programme. The said Social Bonds were listed on Global Securities Market - India International Exchange (INX) on October 07, 2024.
- 14 The Company invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans were based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 06, 2020 and May 05, 2021.

Disclosure format prescribed as per the notification no. RBI/2020-21/16 DoR.NO.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31/DoR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021 :

Type of borrower	(Rs. in crores)				
	(A) Exposure to accounts classified as Standard consequent to implementation of Resolution Plan – Position as at the half-year ended March 31, 2024 (A)	(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 half-year ended September 30, 2024
Personal Loans #	285.04	7.34	1.13	94.55	182.02
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	285.04	7.34	1.13	94.55	182.02

*as defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

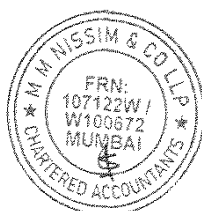
pertains to automobile loans

- 15 Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/86DoR.STR.REC.51/21.04.048/ 2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021.

- a Details of Loans not in default transferred through assignment during the half-year ended September 30, 2024

Particulars	September 30, 2024
Count of loans accounts assigned	13,949
Amount of loan accounts assigned (Rs. in crores)	1,033.90
Weighted average maturity (in months)	41
Weighted average holding period (in months)	8
Retention of beneficial economic interest (%)	10.00%
Coverage of tangible security	100.00%
Rating wise distribution of rated loans	Not rated

- b The Company has not acquired any loans not in default through assignment during the half-year ended September 30, 2024.
- c The Company has not transferred any stressed loans during the half-year ended September 30, 2024.
- d The Company has not acquired any stressed loans during the half-year ended September 30, 2024.



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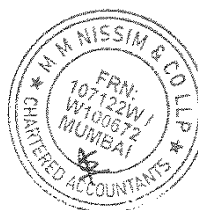
- 16 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached in Annexure 1.
- 17 The Company's secured non-convertible debentures of Rs. 37,269.16 crores as on September 30, 2024 are secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and mortgage of immovable property and with a cover of 100% and above as per the terms of issue.
- 18 As on September 30, 2024 the security cover available in respect of secured non-convertible debt securities is 1.08 times. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 2.
- 19 The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per Ind AS 108 - Operating segments. The Company operates in a single geographical segment i.e. domestic.
- 20 Figures for quarter ended June 30, 2024 and for the quarter and half-year ended September 30, 2023 and year ended March 31, 2024 were reviewed/audited, as the case may be, by the predecessor joint statutory auditors of the Company.
- 21 The figures for the previous periods/ year have been regrouped/ rearranged wherever necessary to conform to the current period presentation. There are no significant regroupings/ reclassification for the quarter under report.

**For Shriram Finance Limited
(formerly Shriram Transport Finance Company
Limited)**


Y. S. Chakravarti
Managing Director & CEO
DIN: 00052308



Place: Mumbai
Date: October 25, 2024



To
the Members of
**Shriram Finance Limited (formerly known as Shriram
Transport Finance Company Limited)**

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying Standalone Financial Statements of Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2024, and the Standalone Statement of Profit And Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of material accounting policies information and other explanatory information ('the Standalone Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the State of Affairs of the Company as at 31 March 2024, and its Profit and Other Comprehensive Income/loss, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section

143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial statement.

Key Audit Matter	How the matter was addressed in our audit						
Impairment Loss Allowance of loans and advances (Reference to Note 12 read with Material Accounting Policies Note 6.1(ix). (in INR Crores) <table> <tr> <td>Gross Advances</td><td>221,667.66</td></tr> <tr> <td>Provisions</td><td>13,738.25</td></tr> <tr> <td>Net Advances</td><td>207,929.41</td></tr> </table> Significant estimates and judgment involved Key Audit Matter Reserve Bank of India has issued Master circular and other clarifications on Income Recognition and Asset Classification and Provisioning pertaining to Advances ("IRAC"). These guidelines prescribe the prudential norms for identifying and classifying of advances as Stage 3 / NPAs. The Company has applied significant judgement to determine the identification and classification of such assets as Stage 3 / NPAs by applying quantitative as well as qualitative factors. The risk of identification of such assets as Stage 3 / NPAs is affected by factors like stress and liquidity concerns of such assets. Impairment loss allowance of loans and advances ("Impairment loss allowance") is a Key Audit Matter as the Company has significant credit risk exposure considering the large loan portfolio across a wide geographical range. The value of loans and advances on the balance sheet is significant and there is a high degree of complexity and judgment involved in estimating individual and collective credit impairment provisions, write-offs against these loans and to additionally determine the asset quality and provision of the Company. The Company's model to calculate Expected Credit Loss ("ECL") is inherently complex and judgment is applied in determining the correct construction of the three-stage impairment model ("ECL Model") including the selection and input of forward-looking information. ECL provision calculation require the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modelled impairment provisions. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.	Gross Advances	221,667.66	Provisions	13,738.25	Net Advances	207,929.41	Audit Procedures included but were not limited to the following: We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company. We also assessed whether the impairment methodology used by the Company is in accordance with the assumptions and methodology approved by the Board of Directors of the Company which is based on and in compliance with Ind AS 109 "Financial Instruments". Accordingly, we assessed the approach of the Company regarding definition of Default, Probability of Default (PD), Loss Given Default (LGD) and incorporation of forward-looking information for the calculation of ECL. For loans and advances which are assessed for impairment on a portfolio basis, we performed particularly the following procedures: - We read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the IRAC norms; - We understood the design, reliability and operating effectiveness of key data inputs and related management controls; - We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the company. - We tested the identification / grouping of the loan accounts mapped with the customer code as identified by the management; - We performed analytical procedures to identify possible cases of evergreening of loans and tested these on sample basis. - We checked the stage classification as at the balance sheet date as per the definition of Default of the Company and Reserve Bank of India circulars issued from time to time; - We validated the ECL Model and its calculation by involving our Information Technology Expert; - We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts; - We have verified whether the ECL provision is made in accordance with the Board Approved Policy in this regard; - We have also calculated the ECL provision manually for selected samples; - We have assessed the assumptions made by the Company in making accelerated provision considering forward looking information. For loans and advances which are written off during the year under audit, we read and understood the methodology and policy laid down and implemented by the Company in this regards along with its compliance on sample basis.
Gross Advances	221,667.66						
Provisions	13,738.25						
Net Advances	207,929.41						

Other Information

- The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone Financial Statements and our auditors' report thereon.
- Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.
- When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required

to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements

10. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the State of Affairs, profit and Other Comprehensive Income/loss, Changes in Equity and Cash Flows of the Company in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. It is responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

12. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

14.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

14.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

14.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

14.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

14.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
19. As required by Section 143(3) of the Act, we report that:
 - 19.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 19.2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

19.3. In our opinion, the standalone balance sheet, the standalone statement of profit and loss including Other Comprehensive Income, the Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

19.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.

19.5. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

19.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

19.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

20.1. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its Standalone Financial Statements – Refer Note 48 to the Standalone Financial Statements;

20.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 10 to the Standalone Financial Statements;

20.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

20.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 20.4 and 20.5 contain any material misstatement.

20.7. In our opinion and according to the information and explanations given to us,

- a) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- b) As stated in Note 29 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

20.8. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

For **Sundaram & Srinivasan**
Chartered Accountants

Firm Registration Number - 004207S

P Menakshi Sundaram
Partner
ICAI Membership Number: 217914
UDIN: 24217914BKBOSW7699
Place: Mumbai
Date: 26 April 2024

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Devang Doshi
Partner
ICAI Membership Number: 140056
UDIN: 24140056BKFFOT4366
Place: Mumbai
Date: 26 April 2024

ANNEXURE 'A'

TO THE INDEPENDENT AUDITOR'S REPORT

STANDALONE ACCOUNTS

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of Shriram Finance Limited (formerly Shriram Transport Finance Company Limited) for the year ended 31 March 2024

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE') and relevant details of right-of-use assets.
- The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. Consequent to effect of scheme of amalgamation (w.e.f 1 April 2022) involving amalgamation of Shriram Capital Limited (after de-merger of few undertakings from the said Shriram Capital Limited) and Shriram City Union Finance Limited with the Company and change in the name of the company from Shriram Transport Finance Company Limited to Shriram Finance Limited, the Company is in process of applying for the name change in respect of its immovable properties. Following are the properties acquired through the scheme of amalgamation and are not held in the name of the Company.

Description of property	Gross carrying value (in Rs.)	Held in name of	Whether promoter, director or their relative or employee	Period held (in years)	Reason for not being held in name of company
Akash Deep Plaza-Golmuri	1,136,000	Shriram City Union Finance Ltd.	No	16.26	These assets were acquired on merger
Land At Levinjipuram Village (Panagudi) 15 Cents	14,957	Shriram City Union Finance Ltd.	No	12.70	These assets were acquired on merger
Land At Levinjipuram Village (Panagudi) 16 Cents	15,941	Shriram City Union Finance Ltd.	No	12.70	These assets were acquired on merger
Land In Tanukarkulam Village-Survey No.179(1F)	8,750	Shriram City Union Finance Ltd.	No	11.01	These assets were acquired on merger
Land At Levinjipuram Village (Panagudi) 15 Cents	14,957	Shriram City Union Finance Ltd.	No	12.70	These assets were acquired on merger
Land at Pattukottai Taluka, Tanjaur District,	1,76,278	Shriram City Union Finance Ltd.	No	14.51	These assets were acquired on merger

- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Refer note 83 to the Standalone Financial Statements.
- ii. (a) The Company does not have any inventory, hence physical verification of inventory and reporting under paragraph 3(ii)(a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of Loans. The quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of accounts of the Company.
- iii. (a) The Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(a) of the Order is not applicable to it.
- (b) The Company, is a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934. In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.
- (c) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and reports total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (e) Since the Company's principal business is to give loans, the provision of clause 3(iii)(e) of the Order is not applicable to it.
- (f) Based on our audit procedure and according to the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of the provisions of sections 185 and 186(1) of the Act, the other provision of the section 186 of the Act are not applicable to the Company.

ANNEXURE 'A'

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

- v. In our opinion and according to the information and explanations given to us, the Company being a NBFC registered with the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vi. If the Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and hence reporting under paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have dues which have not been deposited as on March 31, 2024, except for the following:

Name of the Statute	Nature of the Dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	0.01	A.Y. 2022-23	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	0.04	A.Y. 2020-21	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	0.12	A.Y. 2018-19	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	13.63	A.Y. 2017-18	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	0.45	A.Y. 2014-15	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.73	A.Y. 2014-15	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	1.20	A.Y. 2013-14	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.00	A.Y. 2012-13	Madras High Court
Income Tax Act, 1961	Income Tax demands	1.09	A.Y. 2012-13	Assessing Officer
Income Tax Act, 1961	Income Tax demands	5.88	A.Y. 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax demands	4.89	A.Y. 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax demands	3.86	A.Y. 2009-10	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.18	A.Y. 2008-09	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.22	A.Y. 2007-08	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.00	A.Y. 2006-07	Assessing Officer
Income Tax Act, 1961	Income Tax demands##	2.51	A.Y. 2021-22	CIT (Appeals)

Name of the Statute	Nature of the Dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands##	0.02	A.Y.2020-21	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.01	A.Y.2018-19	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.16	A.Y.2015-16	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.81	A.Y. 2014-15	Assessing Off cer
Income Tax Act, 1961	Income Tax demands##	1.23	A.Y.1997-98	Assessing Off cer
Finance Act, 1994 (Service tax)	Service tax on interest on hypothecation loans	1,758.66	F.Y. 2005-06 to April 01, 2017 to June 30, 2017	Mumbai High Court
Finance Act, 1994 (Service tax)	Service tax demand on securitisation collection commission	192.88	F.Y. 2008-09 to 2014-2015	CESTAT (Custom, Excise and Service Tax Appellate Tribunal, Mumbai)
Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease transaction	208.79	1 st March 2006 to 31 st March 2010	Supreme Court
Finance Act, 1994 (Service tax)	ST on Collection of receivables in respect of Securitisation/ Direct Assignment ##	36.30	1 st April 2009 to 30 th September 2014	CESTAT (Customs, Excise and Service Tax Appellate Tribunal, Chennai)
Finance Act, 1994 (Service tax)	Service Tax on Additional Finance Charge ##	40.57	1 st October 2012 to 30 th June 2017	CESTAT (Customs, Excise and Service Tax Appellate Tribunal, Chennai)
Maharashtra Value Added Tax	Value added tax	0.00#	F.Y. 2005-06	Maharashtra Sales Tax Tribunal – Pune
Andhra Pradesh Value Added Tax	Value added tax	0.00**	F.Y. 2010-11 to 2012-13	High court of Telangana – Hyderabad
Andhra Pradesh Value Added Tax	Value added tax	0.00**	F.Y 2009-10 to 2010-11 and 1 st April 2011 to 31 st August 2012	High court of Telangana – Hyderabad
Andhra Pradesh Value Added Tax	Value added tax	3.48	F.Y. 2005-06 to 2008-09	High court of Andhra Pradesh – Vijaywada
Orissa Value Added Tax	Value added tax	0.09	F.Y. 2008-09 to 2012-13	DCCT – Bhubaneshwar
Telangana Value Added Tax	Value added tax	0.00**	F.Y. 2013-14 to 2016-17 and April 17 to June 17	High Court of Telangana
Tamil Nadu Value Added Tax	Value added tax	3.73	F.Y. 2014-15 to 2016-17 and April 17 to June 17	ft e Company is in the process of filing an appeal with Madras High Court.
Tamil Nadu Value Added Tax	Value added tax	2.90	F.Y. 2006-07 to 2013-14	Supreme Court – Delhi
Tamil Nadu Value Added Tax	Value added tax##	0.00\$	F.Y. 2014-15 to 2016-17 and April 17 to June 17	Appellate Tribunal, Chennai
Tamil Nadu Value Added Tax	Value added tax##	0.00\$	F.Y. 2007-08 to 2013-14	Supreme Court – Delhi

ANNEXURE 'A'

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

Name of the Statute	Nature of the Dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax	Value added tax##	0.05	F.Y. 2007-08	Dy. Commissioner (Appeals) , Kerala
Telangana GST	Goods and Service Tax	1.21	F.Y. 2017-18	Assistant Commissioner - Central Tax, Telangana
Delhi GST	Goods and Service Tax	2.89	F.Y. 2017-18	Assistant Commissioner - State Tax, Delhi
Rajasthan GST	Goods and Service Tax	0.88	F.Y. 2017-18	Joint Commissioner Jaipur - Rajasthan
Chhattisgarh GST	Goods and Service Tax ##	0.02	F.Y. 2017-18	Deputy Commissioner - State Tax ,Chhattisgarh
Bihar GST	Goods and Service Tax ##	0.26	F.Y. 2017-18	Deputy Commissioner - State Tax , Bihar
Delhi GST	Goods and Service Tax ##	1.55	F.Y. 2017-18	Assistant Commissioner - State Tax , Delhi
Indian Stamp Act	Stamp duty	6.69	FY 2023-24	Principal Revenue Controlling Officer and Registrar, Chennai

* Above amounts are net of amount paid under protest, wherever paid.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores

\$ Amounts where entire Disputed Tax amount is deposited is presented as Rs 0.00 crores

** Cases which are entered into Amnesty Scheme and awaiting for closure Orders are presented as Rs 0.00 crores as the entire Disputed Tax dues is settled.

Case added of Erstwhile Shriram City Union Finance Limited.

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary parking in Cash credit account for a few days during the year, pending utilization towards the purpose for which the same are obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or associate. The Company does not have any joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary or associate companies. The Company does not have any joint venture.

- x. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any moneys by way of further public offer during the current financial year. In our opinion, monies raised by the Company by way of debt instruments and term loans were applied for the purposes for which those were obtained, though idle/ surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (b) In our opinion and according to the information and explanations given to us the Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to Rs. 0.97 Crores comprising of 2 instances.
- (b) No report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a CIC ('Core Investment Company') as defined in the regulations made by Reserve Bank of India.
- (d) The Group has Four CIC as part of the Group.
- xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance

sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub-section (5) of Section 135 of the Act pursuant to any ongoing projects.

For **Sundaram & Srinivasan**
Chartered Accountants

Firm Registration Number - 004207S

P Menakshi Sundaram

Partner

ICAI Membership Number: 217914

UDIN: 24217914BKBOSW7699

Place: Mumbai

Date: 26 April 2024

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Devang Doshi

Partner

ICAI Membership Number: 140056

UDIN: 24140056BKFFOT4366

Place: Mumbai

Date: 26 April 2024

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) for the year ended 31 March 2024

(Referred to in paragraph '19.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) ('the Company') as at 31 March 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely

preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. These SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. These procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A Company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting

principles. A Company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration Number - 004207S

P Menakshi Sundaram

Partner

ICAI Membership Number: 217914

UDIN: 24217914BKBOSW7699

Place: Mumbai

Date: 26 April 2024

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Devang Doshi

Partner

ICAI Membership Number: 140056

UDIN: 24140056BKFFOT4366

Place: Mumbai

Date: 26 April 2024

(Rs. in crores)			
Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	8	6,013.37	9,505.30
(b) Bank balance other than (a) above	9	4,799.27	6,312.11
(c) Derivative financial instruments	10	330.48	668.81
(d) Receivables	11		
(I) Trade receivables		51.63	17.00
(II) Other receivables		332.96	260.12
(e) Loans	12	207,929.41	171,984.58
(f) Investments	13	10,656.64	8,565.06
(g) Other financial assets	14	68.24	72.70
Total financial assets		230,182.00	197,385.68
(2) Non-financial assets			
(a) Current tax assets (net)	15	572.51	716.97
(b) Deferred tax assets (net)	42	2,884.03	1,743.92
(c) Investment property	16	0.98	2.62
(d) Property, plant and equipment	17	845.77	699.70
(e) Intangible assets under development	18A	-	66.08
(f) Goodwill	18B	1,406.73	1,406.73
(g) Other intangible assets	18C	1,033.93	1,217.65
(h) Other non-financial assets	19	350.06	424.51
Total non-financial assets		7,094.01	6,278.18
Total assets		237,276.01	203,663.86
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Payables	20		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.02	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		211.76	293.24
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		2.25	0.36
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3.16	1.09
(b) Debt securities	21	44,948.61	43,652.59
(c) Borrowings (other than debt securities)	22	92,148.80	73,590.02
(d) Deposits	23	44,443.66	36,139.83
(e) Subordinated liabilities	24	4,300.07	4,523.85
(f) Other financial liabilities	25	1,847.99	1,584.12
Total financial liabilities		187,906.32	159,785.10
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	26	237.79	160.89
(b) Provisions	27	296.21	211.48
(c) Other non-financial liabilities	28	267.30	199.75
Total non-financial liabilities		801.30	572.12
Total liabilities		188,707.62	160,357.22
(3) Equity			
(a) Equity share capital	29	375.79	374.43
(b) Other equity	30	48,192.60	42,932.21
Total equity		48,568.39	43,306.64
Total liabilities and equity		237,276.01	203,663.86

See accompanying notes forming an integral part of the Standalone Financial Statements.

As per our report of even date

For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants

ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited

(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 26, 2024

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 26, 2024

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
Mumbai
April 26, 2024

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 26, 2024

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 26, 2024

U Balasundararao
Company Secretary
Mumbai
April 26, 2024

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2024

STANDALONE ACCOUNTS

(Rs. in crores)			
Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
(i) Interest income	31	33,599.66	28,607.36
(ii) Dividend income		1.45	6.52
(iii) Rental income		0.13	0.17
(iv) Fees and commission income	32	457.38	242.61
(v) Net gain on fair value changes	33	95.65	340.07
(vi) Net gain on derecognition of financial instruments under amortised cost category		324.65	224.46
(vii) Other operating income	34	485.49	350.97
(I) Total Revenue from operations		34,964.41	29,772.16
(II) Other Income	35	33.20	30.73
(III) Total Income (I + II)		34,997.61	29,802.89
Expenses			
(i) Finance cost	36	14,806.12	12,545.76
(ii) Fees and commission expenses	37	422.77	304.44
(iii) Impairment on financial instruments	38	4,518.34	4,159.17
(iv) Employee benefits expenses	39	3,215.59	2,506.11
(v) Depreciation, amortisation and impairment (Refer note 16, 17 and 18)	40	568.83	524.18
(vi) Other expenses	41	1,782.32	1,578.34
(IV) Total Expenses		25,313.97	21,618.00
(V) Profit before exceptional items and tax (III - IV)		9,683.64	8,184.89
(VI) Exceptional items		-	-
(VII) Profit before tax (V + VI)		9,683.64	8,184.89
(VIII) Tax expense:	42		
(1) Current tax		3,400.06	2,886.51
(2) Deferred tax		(906.90)	(680.96)
(IX) Profit for the year from continuing operations (VII - VIII)		7,190.48	5,979.34
(X) Profit for the year		7,190.48	5,979.34
(XI) Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(78.09)	(8.02)
Gain / (loss) on Fair valuation of quoted investments in equity shares		16.49	(11.80)
(ii) Income tax relating to items that will not be reclassified to profit or loss		15.50	4.99
Subtotal (A)		(46.10)	(14.83)
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge reserve			
Gain/(loss) on effective portion of hedging instruments in a cash flow hedge		(56.12)	(14.68)
(ii) Income tax relating to items that will be reclassified to profit or loss		14.12	3.69
Subtotal (B)		(42.00)	(10.99)
Other comprehensive income (A + B)		(88.10)	(25.82)
(XII) Total Comprehensive income for the year (X + XI)		7,102.38	5,953.52
(XIII) Earnings per equity share (face value Rs. 10/- per equity share)	43		
(i) Basic (Rs.)		191.63	159.69
(ii) Diluted (Rs.)		191.02	158.99

See accompanying notes forming an integral part of the Standalone Financial Statements.

As per our report of even date

For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)

Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants
ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited
(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 26, 2024

P Menakshi Sundaram
Partner

Membership No.: 217914
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Jugal Kishore Mohapatra
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DIN: 03190289
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Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 26, 2024

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 26, 2024

U Balasundararao
Company Secretary
Mumbai
April 26, 2024

A. Equity Share Capital

(1) Current Reporting Period

(Rs. in crores)			
Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year
As at April 01, 2023	-	374.43	1.36
As at April 01, 2024	-	374.43	375.79

(2) Previous Reporting Period

(Rs. in crores)			
Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year
As at April 01, 2022	-	270.52	103.91
As at April 01, 2023	-	270.52	374.43

B. Other Equity

(1) Current Reporting Period

Particulars		Share Application Money Pending Allotment	Reserves And Surplus							Retained Earnings	Other Comprehensive		Money Received Against Share Warrants	Total		
			Capital Reserve	Securities Premium	Statutory Reserve u/s 45-1C of the RBI Act, 1934	Debtenture Redemption Reserve#	Capital Redemption Reserve	General Reserve	Re-measurement Gain/ (Loss) On Defined Benefit Plan		Share Options Outstanding	Amalgamation Adjustment Reserves			Gain/(loss) on fair valuation of investments in equity shares	Income Effective Portion of Cash Flow Hedges
	Balance at the beginning of the current reporting period (As at April 01, 2023)	-	104.57	17,351.98	7,610.66	419.13	53.88	3,532.05	(18.08)	194.84	(1,706.81)	15,623.21	(8.83)	(224.39)	-	42,932.21
	Changes in Accounting policy/ Prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Effects of business combination (Refer note 51)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Restated balance at the beginning of the current reporting period	-	104.57	17,351.98	7,610.66	419.13	53.88	3,532.05	(18.08)	194.84	(1,706.81)	15,623.21	(8.83)	(224.39)	-	42,932.21
	Profit for the year	-	-	-	-	-	-	-	-	-	-	7,190.48	-	-	-	7,190.48
	Other Comprehensive Income for the year	-	-	-	-	-	-	-	(58.44)	-	-	-	12.34	(42.00)	-	(88.10)
	Total Comprehensive Income for the year	-	-	-	-	-	-	-	(58.44)	-	-	7,190.48	12.34	(42.00)	-	7,102.38
	Dividends (Interim)	-	-	-	-	-	-	-	-	-	-	(1,126.55)	-	-	-	(1,126.55)
	Dividends (Final for the year ended March 31, 2023)	-	-	-	-	-	-	-	-	-	-	(749.67)	-	-	-	(749.67)
	Transferred to/ (from) (Refer note 30)	-	-	-	(268.71)	(284.88)	-	719.05	-	-	1,706.81	(1,872.27)	-	-	-	-

(Rs. in crores)

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

STANDALONE ACCOUNTS

Particulars		Reserves And Surplus							Retained Earnings	Other Comprehensive Income		Money Received Against Share Warrants	Total
Share Application Money Pending Allotment	Capital Reserve	Securities Premium	Statutory Reserve u/s 45-1C of the RBI Act, 1934	Debt Redemption Reserve#	Capital Redemption Reserve	General Reserve	Remeasurement Gain/ (Loss) On Defined Benefit Plan	Share Options Outstanding		Amalgamation Adjustment Reserves	Gain/(loss) on fair valuation of investments in equity shares		
Any Other Change:	-	-	158.67	-	-	-	-	-	-	-	-	-	158.67
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
-	104.57	17,510.65	7,341.95	134.25	53.88	4,251.10	(76.52)	(133.61)	19,065.20	3.51	(266.39)	-	48,192.60
Balance at the end of the current reporting period (As at March 31, 2024)													

Previous Reporting Period

Particulars	Share Application Money Pending Allotment	Reserves And Surplus							Retained Earnings	Other Comprehensive Income		Money Received Against Share Warrants	Total
		Capital Reserve	Securities Premium	Other Reserves						Gain/(loss) on fair valuation of investments in equity shares	Effective Portion of Cash Flow Hedges		
				Statutory Reserve u/s 45-1C of the RBI Act, 1934	Debt Redemption Reserve #	Capital Redemption Reserve	General Reserve	Remeasurement Gain/ (Loss) On Defined Benefit Plan					
Balance at the beginning of the previous reporting period (As at April 01, 2022)	-	27.64	5,662.38	4,707.98	307.28	53.88	2,934.07	(12.08)	12,193.92	-	(213.40)	-	25,661.67
Changes in Accounting policy/ Prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of business combination (Refer note 51)	-	76.93	-	1,706.81	-	-	-	-	-	-	-	-	76.93
Restated balance at the beginning of the previous reporting period	-	104.57	5,662.38	6,414.79	307.28	53.88	2,934.07	(12.08)	12,193.92	-	(213.40)	-	25,738.60
Profit for the year	-	-	-	-	-	-	-	-	5,979.34	-	-	-	5,979.34
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(6.00)	-	(8.83)	(10.99)	-	(25.82)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(6.00)	5,979.34	(8.83)	(10.99)	-	5,953.52
Dividends (Interim)	-	-	-	-	-	-	-	-	(561.64)	-	-	-	(561.64)
Dividends (Final for the year ended March 31, 2022)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to/ (from) (Refer note 30)	-	-	-	1,195.87	111.85	-	597.94	-	(1,988.41)	-	-	-	0.90

Particulars		Share Application Money Pending Allotment	Reserves And Surplus						Retained Earnings	Other Comprehensive Income		Money Received Against Share Warrants	Total				
			Capital Reserve	Securities Premium	Statutory Reserve u/s 45-1C of the RBI Act, 1934	Debtenture Redemption Reserve#	Capital Redemption Reserve	General Reserve	Remeasurement Gain/ (Loss) On Defined Benefit Plan	Share Options Outstanding	Amalgamation Adjustment Reserves	Gain/(loss) on fair valuation of investments in equity shares	Effective Portion of Cash Flow Hedges				
Any Other Change:																	
Securities Premium proceeds received on issue of Equity Shares (Refer note 29 and 30)			-	11,689.60	-	-	-	-	-	-	-	-	-	11,689.60			
Share issue expenses (Refer note 29 and 30)			-	-	-	-	-	-	-	164.56	-	-	-	164.56			
Money received against Share Warrants			-	-	-	-	-	-	-	(53.33)	-	-	-	(53.33)			
Transferred to/ (from) (Refer note 30) on account of share forfeiture			-	-	-	-	-	0.04	-	(0.04)	-	-	-	-			
Expenses on Employee Stock Option Plan			-	-	-	-	-	-	-	-	-	-	-	-			
Exercise of Employee Stock Option Plan			-	-	-	-	-	-	-	-	-	-	-	-			
Balance at the end of the previous reporting period (As at March 31, 2023)			-	104.57	17,351.98	7,610.66	419.13	53.88	3,532.05	(18.08)	194.84	(1,706.81)	15,623.21	(8.83)	(224.39)	-	42,932.21

Refer note 30 - Other equity

See accompanying notes forming an integral part of the Standalone Financial Statements.

As per our report of even date
For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 26, 2024

For Sundaram & Srinivasan

Chartered Accountants
ICAI Firm Registration No.: 004207S

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 26, 2024

For and on behalf of the Board of Directors of

Shriram Finance Limited
(formerly Shriram Transport Finance Company Limited)

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
Mumbai
April 26, 2024

Y. S. Chakravarti
Managing Director & CEO

DIN: 00052308
Mumbai
April 26, 2024

U Balasundarao
Company Secretary

Mumbai
April 26, 2024

Parag Sharma
Joint Managing Director & CFO

DIN: 02916744
Mumbai
April 26, 2024

STANDALONE STATEMENT OF **CASH FLOWS**
FOR THE YEAR ENDED MARCH 31, 2024

STANDALONE ACCOUNTS

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	9,683.64	8,184.89
Adjustments for:		
Depreciation, amortisation and impairment	568.83	524.18
Interest on income tax refund	(8.22)	(14.66)
Share based payments to employees	9.17	164.56
Interest income on loans	(32,502.25)	(27,504.20)
Finance costs	14,806.12	12,545.76
Loss/(profit) on sale of property plant and equipment (net)	(1.26)	1.00
Fair value adjustments to investments	0.78	1.85
Impairment on loans	4,484.74	4,128.79
Impairment on investments	35.67	4.70
Impairment on undrawn loan commitment	(5.13)	(0.40)
Impairment on other assets	3.06	26.08
Net (gain)/loss on fair value changes on investment	(144.76)	(373.62)
Net (gain)/loss on fair value changes on direct assignment	49.11	33.55
Net gain on derecognition of financial instruments under amortised cost category	(324.65)	(224.46)
Cash inflow from interest on loans	31,112.11	26,319.90
Cash outflow towards finance costs	(12,992.23)	(11,207.40)
Operating profit before working capital changes	14,774.73	12,610.52
Movements in working capital:		
Decrease/(increase) in loans	(39,039.43)	(27,674.73)
Decrease/(increase) in investments	(1,966.78)	1,333.02
Decrease/(increase) in receivables	168.04	173.38
Decrease/(increase) in bank deposits	1,512.84	776.09
Decrease/(increase) in other financial assets	1.40	(20.12)
Decrease/(increase) in other non-financial assets	73.21	101.69
Increase/(decrease) in payables	(81.46)	66.16
Increase/(decrease) in other financial liabilities	199.11	(38.96)
Increase/(decrease) in non-financial liabilities	67.55	0.14
Increase/(decrease) in other provision	19.99	55.99
Cash used in operations	(24,270.80)	(12,616.82)
Direct taxes paid (net of refunds)	(3,382.28)	(3,224.51)
Net cash flows from/(used in) operating activities (A)	(27,653.08)	(15,841.33)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(165.94)	(109.95)
Proceeds from sale of property, plant and equipment	5.67	1.64
Purchase of intangible assets under development	-	(66.08)
Purchase of other intangible assets	(79.66)	(7.57)
Proceeds from sale of other intangible assets	-	1.90
Proceeds from sale of investment property	1.60	-
Net cash generated from/(used in) investing activities (B)	(238.33)	(180.06)

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including share premium and net of share issue expenses)	26.42	12.16
Proceeds/(repayment) on settlement of derivative contracts	338.33	(467.41)
Increase/(decrease) in fixed deposits (net)	7,747.81	6,778.56
Amount received from debt securities	23,056.10	9,194.70
Repayment of debt securities	(22,177.06)	(13,992.22)
Proceeds/(repayment) of subordinated debts	(261.67)	(136.34)
Amount received from borrowings other than debt securities	75,405.54	61,633.95
Repayment of borrowings other than debt securities	(57,652.57)	(52,625.02)
Payment of lease liabilities	(208.35)	(188.73)
Dividend paid	(1,875.07)	(562.80)
Net cash generated from/(used in) financing activities (C)	24,399.48	9,646.84
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(3,491.93)	(6,374.55)
Cash and cash equivalents at the beginning of the year	9,505.30	10,662.44
Cash and bank balances taken over on account of amalgamation	-	5,217.41
Cash and cash equivalents at the end of the year	6,013.37	9,505.30

Components of cash and cash equivalents	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents at the end of the year		
i) Cash on hand	182.95	153.43
ii) Cheques on hand	2.45	4.87
iii) Balances with banks (of the nature of cash and cash equivalents)	2,860.19	3,923.23
iv) Call money (CBLO)	-	499.72
v) Bank deposit with original maturity upto three months or less	2,967.78	4,924.05
Total	6,013.37	9,505.30

The above Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'. See accompanying notes forming an integral part of the Standalone Financial Statements.

As per our report of even date
For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)

Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants
ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited
(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 26, 2024

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 26, 2024

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
Mumbai
April 26, 2024

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 26, 2024

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 26, 2024

U Balasundararao
Company Secretary
Mumbai
April 26, 2024

1. CORPORATE INFORMATION

Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares and non-convertible debentures are listed on BSE Limited and National Stock Exchange of India Limited.

The Company is registered with the Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA), Insurance Regulatory and Development Authority of India (IRDA) and Association of Mutual Funds in India (AMFI). The registration details are as follows:

RBI	: 07-00459
Corporate Identity Number (CIN)	: L65191TN1979PLC007874
IRDA	: CA0197
AMFI	: 269340

Shriram Capital Private Limited (formerly known as Shriram Financial Ventures (Chennai) Private Limited) and Shriram Ownership Trust are the Promoters of the Company. The Company is a Deposit Accepting Non-Banking Finance Company ('NBFC'), NBFC- Investment and Credit Company (NBFC-ICC) holding a Certificate of Registration from the RBI dated April 17, 2007 which was endorsed in the new name on January 31, 2023. The RBI, under Scale Based Regulations (SBR) had categorised the Company in Upper Layer (NBFC-UL) vide its circular dated September 30, 2022.

The registered office of the Company is Sri Towers, 14A, South Phase, Industrial Estate, Guindy, Chennai, Tamil Nadu- 600 032. The principal place of business is Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai, Maharashtra - 400 051.

The Company is primarily engaged in the business of financing commercial vehicles, passenger vehicles, construction equipment, farm equipment, micro, small and medium enterprises, two-wheelers, gold and personal loans.

Pursuant to the Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT") approval of the Composite Scheme of Arrangement and Amalgamation, Shriram Capital Limited (SCL) with its remaining undertaking and Shriram City Union Finance Limited (SCUF) with its entire undertaking amalgamated with the Company.

The financial statements of the Company for the year ended March 31, 2024 were approved for issue in accordance with the resolution of the Board of Directors on April 26, 2024.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under the Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards, except for the assets and liabilities acquired under business combination are measured at fair value. The financial statements have been prepared as per the guidelines issued by the RBI as applicable to a NBFCs and other accounting principles generally accepted in India. Any applicable guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Regulatory disclosures as required by Master Direction - Reserve Bank of India (Non-Banking Financial Company-Scale based regulation) Directions, 2023 and Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI are prepared as per the Ind AS financial statements.

The financial statements have been prepared on going concern basis in accordance with the Ind AS 1. The Management is of the view that the Company shall be able to continue its business for the near future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees in crores (INR crores or Rs. in crores) which is also the functional currency of the Company and all values are rounded to the nearest crore, except when otherwise indicated.

3. PRESENTATION OF FINANCIAL STATEMENT

the financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to Non-banking Finance Companies (NBFCs), as notified by the MCA. the Statement of Cash Flows is presented as per the requirements of Ind AS 7 - Statement of Cash Flows. the Company classifies its assets and liabilities as financial and non-financial and presents them in the order of liquidity. An analysis regarding expected recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in notes to the financial statements. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. the normal course of business
- ii. the event of default
- iii. the event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

4. STATEMENT OF COMPLIANCE

these standalone or separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

the Company has consistently applied accounting policies to all the periods except for note 6.1 (ix).

5. RECENT ACCOUNTING DEVELOPMENTS

Ministry of Corporate Affairs (MCA), vide notification dated March 31, 2023, has made the following amendments to Ind AS which are effective April 01, 2023:

- a. Amendments to Ind AS 1, Presentation of Financial Statements where the companies are now required to disclose material accounting policies rather than their significant accounting policies.
- b. Amendments to Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors where the definition of 'change in account estimates' has been replaced by revised definition of 'accounting estimate'.
- c. Amendments to Ind AS 12, Income Taxes where the scope of Initial Recognition Exemption (IRE) has been narrowed down.

6. MATERIAL ACCOUNTING POLICIES

the material accounting policies related to preparation of the standalone financial statements are given below:

6.1 Financial instruments

(i) Classification of financial instruments

the Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss

the classification depends on the contractual terms of the cashflows of the financial assets and the Company's business model for managing financial assets which are explained below:

Business model assessment

the Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

the Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.

- ▶ the risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- ▶ the expected frequency, value and timing of sales are also important aspects of the Company's assessment. the business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.
- ▶ At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. the Company reassesses its business models each reporting period to determine whether the business model/ (s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

the Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments

these financial assets comprise bank balances, loans, trade receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

these debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. However, trade receivables that do not contain a significant financing component are initially measured at transaction price.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

these debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Statement of Profit and Loss. As at the reporting date, the Company does not have any debt instruments measured at fair value through other comprehensive income.

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrument-by-instrument basis. Amounts presented in other comprehensive income are not subsequently transferred to the Statement of Profit and Loss. Dividends on such investments are recognised in the Statement of Profit and Loss.

ft e Company has accounted for its investment in subsidiary at fair value at the time of acquisition due to business combination. ft e investment is subsequently measured at cost.

(iv) **Financial assets measured at fair value through profit or loss**

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Statement of Profit and Loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the Statement of Profit and Loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Equity Investments

Investment in Associate is carried at cost in the Separate Financial Statements as permitted under Ind AS 27. ft e Company has accounted for its investment in subsidiary at fair value at the time of acquisition due to business combination. ft e investment is subsequently measured at cost. All other equity investments are measured at fair value through profit or loss.

Financial liability designated at fair value through profit or loss

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Company has not designated any financial liability as measured at fair value through profit or loss.

(v) **Derivatives**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain on fair value changes.

Hedge accounting

The Company has adopted hedge accounting. The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria. The Company has formally designated and documented the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect the Statement of Profit and Loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in other comprehensive income as cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

(vi) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(vii) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2022-23 and until the year ended March 31, 2024.

(viii) Recognition and Derecognition of financial assets and liabilities

Recognition

- a) Loans and advances are initially recognised when the funds are transferred to the customer's account or delivery of assets by the dealer, whichever is earlier.
- b) Investments are initially recognised on the settlement date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
- d) Other financial assets and liabilities are initially recognised on the trade date, i.e., the date that 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.

Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The 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:

- i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i. 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.
- ii. The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- iii. 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:

- i. The Company has transferred substantially all the risks and rewards of the asset, or
- ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Profit and Loss. Accordingly, gain or loss on sale or derecognition of assigned portfolio are recorded upfront in the Statement of Profit and Loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ('MRR'). Therefore, it continues to recognise the portion retained by it as MRR.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss. As at the reporting date, the Company does not have any financial liabilities which have been derecognised.

(ix) Impairment of financial assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans and other financial assets not held at fair value through profit or loss (FVTPL) in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

the ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. the 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. the Company has grouped its loan portfolio into commercial vehicles, construction equipments, farm equipments, MSME, gold loan, personal loans and passenger vehicles.

the Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. the Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. the Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for e.g. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

As required by RBI Circular reference no. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/ 2019-20 dated March 13, 2020; where impairment allowance under Ind AS 109 is lower than the provisioning required as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc., the Company shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated November 12, 2021, borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset / Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset / Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

Upgradation of accounts classified as Stage 3/Non-performing assets (NPA) - the Company upgrades loan accounts classified as Stage 3/ NPA to 'standard' asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the company in this regard. With regard to upgradation of accounts classified as NPA due to restructuring, the instructions as specified for such cases as per the said RBI guidelines shall continue to be applicable.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

ECL on Investment in Government securities

The Company has invested in Government of India loans. Investment in Government securities are classified under stage 1. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

ECL on Loans secured by the Company's fixed deposit

No ECL has been applied on loans given against the Company's fixed deposit as they are fully secured by the Company's fixed deposits.

ECL on Fixed Deposits with Banks

No ECL is applied on fixed deposit held with banks as there is no history of default. However, in case of any downgrade in the credit rating of the banks where fixed deposit is held, the Company would provide for ECL computed in an appropriate methodology.

Simplified approach for trade/ other receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates. For trade receivables that contain a significant financing component a general approach is followed.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the Statement of Profit and Loss. The accumulated loss recognised in OCI is recycled to the Statement of Profit and Loss upon derecognition of the assets. As at the reporting date, the Company does not have any debt instruments measured at fair value through OCI.

Undrawn loan commitments

When estimating ECL for undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown. The Company discloses ECL allowance on undrawn loan commitments under the head 'Provisions' under non-financial liabilities.

ffii e mechanics of ECL

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in note 54.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in note 54.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in note 54.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. Macro-economic regression models are built to identify the key macro-economic factors (independent variables) that drive the default rates. The best possible single variable linear regression model is identified based on the R-square and the economic intuition of the relationship between the independent variable and the default rates.

The Company considers various external factors such as GDP growth, inflation, weighted average lending rate of Scheduled Commercial Banks etc., as macro-economic factors affecting the Company's ECL estimates and the most relevant macro-economic factor affecting the particular loan product is factored in while arriving at the PD of that product. The Company formulated three different macro-economic stress scenarios under the premise of mild stress, medium stress and severe stress condition. The medium stress scenario largely reflected the current economic conditions, and accordingly was used for ECL modelling.

On a periodic basis, the Company monitors the situation and economic factors affecting the operations of the company and assesses the requirement of any modification to ECL model.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. 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 values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. The Company generally does not use the assets repossessed for the internal operations. The underlying loans in respect of which collaterals have been repossessed and not sold for more than 6 months are considered as Stage 3 assets and fully provided for net of estimated realizable value or written off. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards and consequently the Company also does not derecognise the underlying financial asset immediately on repossession. The change in accounting policy is effective from financial year 2021-22.

Restructured loans

The Company is permitted to restructure customer accounts. Restructuring would normally involve modification of terms of the advances/ securities, which would generally include, among others, alteration of payment period/ payable amount/ the amount of installments/ rate of interest/ sanction of additional credit facility/ release of additional funds for a customer account. The Company considers the modification of the loan only before the loans gets credit impaired. In case of restructuring, the accounts classified as 'standard' shall be immediately downgraded as non-performing assets/ Stage 3 unless and otherwise explicitly stated in the Circulars and Directions issued by Reserve Bank of India from time to time. Once an asset has been classified as restructured, it will remain restructured for a period of one year from the date on which it has been restructured until the customer account demonstrates satisfactory performance during the specified period.

For upgradation of accounts classified as Non-Performing Assets due to restructuring, the instructions as specified for such cases as per the said RBI guidelines shall continue to be applicable.

Loan accounts which have been restructured or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020- Resolution Framework for COVID-19 related Stress and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021- Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and RBI/2020-21/17 DOR. No.BP.BC/4/21.04.048/2020-21- dated August 06, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances and RBI/2021-22/32 DOR. STR.REC.12/21.04.048/2021-22 dated May 5, 2021 Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) have been classified as Stage 2 due to significant increase in credit risk.

(x) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss. Write off in case of standard accounts is done by way of waiver of last one or two instalments in case the borrower pays all the EMIs as per the due dates mentioned in the agreement.

(xi) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 6.1(iii) to 6.1(v)) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the 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 - These financial instruments 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 - These financial instruments 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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - These financial instruments that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the Statement of Profit and Loss when the inputs become observable, or when the instrument is derecognised.

6.2 Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets measured at amortised cost other than credit-impaired assets and financial assets classified as measured at FVTPL.

the EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of ECL provision) of the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

Interest spread under par structure of direct assignment of loan receivables is recognised upfront. On derecognition of the loan receivables in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised upfront in the Statement of Profit and Loss.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at the amount of transaction price (net of variable consideration) allocated to that performance obligation based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: the transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(v) Net gain/ loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer note 33), held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in 'Net gains on fair value changes' under Revenue from operations and if there is a net loss the same is disclosed under 'Expenses' in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt or equity instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Company does not have any debt instruments measured at FVOCI.

(vi) Recoveries of financial assets written off

the Company recognises income on recoveries of financial assets written off on realisation basis.

(vii) Net gain/ loss on derecognition of financial instruments under amortised cost category

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on derecognition of such financial asset previously carried under amortisation cost category is presented separately under the respective head in the Statement of Profit and Loss. The resulting interest only strip initially is recognised at FVTPL under interest income.

6.3 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the financial liability.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount

rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to the Trustees - Shriram Transport Finance Company Limited Employees' Group Gratuity Assurance Scheme and Shriram City Union Finance Limited Employees' Group Gratuity Assurance Scheme. The merger of the two trusts and subsequent change of name of the trusts to Shriram Finance Limited Employees Group Gratuity Assurance Scheme has received in principle approval from the Income Tax Department and the company is in process of completing the required formalities. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

Employee Stock Options

Eligible employees in terms of the Employees Stock Options Scheme of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised, together with a corresponding increase in Share Option Outstanding Reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense/ vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest.

(iii) Leases

The Company as a lessee

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019 (transition date). The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. For arrangements entered into prior to April 01, 2019, the Company has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate at the transition date in case of leases existing as on the date of transition date and in case of leases entered after transition date, incremental borrowing rate as on the date of lease commencement date. In case of existing leases, the said date would be the date of transition. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero.

the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. the Company recognises the lease payments associated with these leases as an expense over the lease term. the Company's lease asset class consist of leases for office premises.

In case of a sub-lease, the Company accounts for its head lease and sub-lease separately.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

(iv) **Other income and expenses**

All other income and expense are recognised in the period they occur.

(v) **Impairment of non-financial assets, wherever applicable**

the Company assesses at each balance sheet date whether there is any indication that a non-financial asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. the reduction is treated as an impairment loss and is recognised 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 asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

(vi) **Taxes**

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. the tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/ value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. When receivables and payables are stated with the amount of tax included.

If the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(vii) Dividends on ordinary shares

If the Company recognises a liability to make cash distributions to equity shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013 final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

6.4 Foreign currency translation

(i) Functional and presentational currency

If the standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Initial recognition

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. If they are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cheques on hand, balances with banks (of the nature of cash and cash equivalents). CBLO and short-term deposits, as defined above.

6.6 Property, plant and equipment

Property, plant and equipment (PPE) are carried at historical cost of acquisition less accumulated depreciation and accumulated impairment losses, (if any). If the total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, if it is probable that future economic benefit will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

the estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	5 years	5 years
Electronic equipment	5 years	5 years
Office equipment	5 years	5 years
Refrigerator	5 years	5 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

Exceptions to useful lives specified in Schedule II to the Companies Act, 2013 - Vehicles provided to employees as part of Cost-To-Company (CTC) scheme are depreciated using estimated useful life of 8 years without residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the Statement of Profit and Loss in the year the asset is derecognised.

Depreciation on assets acquired/ sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Statement of Profit and Loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software and distribution network with definite life and goodwill with indefinite life.

Goodwill is not subject to amortisation and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses. The Company has determined the useful life of the intangible asset in the nature of branch network acquired through the scheme of amalgamation and started amortising the same over its useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. If the estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

6.9 Ind AS 101 - First-time Adoption of Indian Accounting Standards

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. If the Company has applied the following exemptions:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, intangible assets and investment property as at March 31, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, intangible assets and investment property as on April 01, 2017.

6.10 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. If the expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

6.11 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. If the Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each Balance Sheet date.

6.12 Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence 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. Contingent assets are not recognised nor disclosed in the financial statements. If they are disclosed only when an inflow of economic benefits is probable. Contingent assets are reviewed at each Balance Sheet date.

6.13 Earning Per Share

If the Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.14 Cash flow Statement

Cash flows are reported under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. If the cash flows are prepared for the operating, investing and financing activities of the Company.

6.15 Business Combination

The Company applies the acquisition method of accounting for business combinations where common control does not exist. The consideration transferred by the Company for the acquisition of business comprises of fair value of the assets transferred, liabilities incurred, and the equity interests issued by the Company as at the acquisition date i.e. the date on which it obtains the control of the acquiree. The acquisition related costs are recognised in the statement of profit and loss as incurred, except to the extent related to the issue of debt or equity securities.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Intangible assets acquired in a business combination and recognised separately from Goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets as well as Goodwill acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, respectively.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired. After initial recognition, Goodwill is tested annually for impairment and any impairment loss for Goodwill is recognised in the statement of profit and loss.

Distribution network is the value of the transferor company's branch network. Valuation of Distribution Network is as per With & Without Method. If the consideration transferred is less than the fair value of net identifiable assets acquired, the difference is recognised as capital reserve in other equity.

Further details and impact of this merger on financial statements of the Company is disclosed in note 51.

7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of 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 or fair value through other comprehensive income 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 assets.

7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.3 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation

of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The impairment loss on loans and advances is disclosed in more detail in note 6.1(ix) Overview of ECL principles.

7.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance sheet date and revised to take account of changing facts and circumstances.

7.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

7.7 Estimating the incremental borrowing rate

The Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to for its incremental borrowings.

7.8 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc. The Company has determined the useful life of the intangible asset in the nature of branch network acquired through the scheme of amalgamation and started amortising the same over its useful life by making a suitable change in the accounting estimate.

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
(ii) Interest rate derivatives:								
Interest rate swaps	24,867.11	286.78	-	-	17,230.41	116.65	-	-
Interest rate caps	700.00	25.27	-	-	-	35.75	-	-
Sub total (ii)	25,567.11	312.05	-	-	17,230.41	152.40	-	-
Total Derivative financial instruments(i)+(ii)	52,224.54	330.48	-	-	40,040.27	668.81	-	-
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
(i) Cash flow hedging:								
Currency derivatives	26,657.43	18.43	-	-	22,809.86	516.41	-	-
Interest rate derivatives	25,567.11	312.05	-	-	17,230.41	152.40	-	-
Total Derivative financial instruments	52,224.54	330.48	-	-	40,040.27	668.81	-	-

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in note 54.

Derivatives designated as hedging instruments

The Company designates its derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Derivatives not designated as hedging instruments

There are no undesignated derivatives.

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Notes:

- 1) The interest rate risk and exchange rate risk on the borrowings of the Company are managed using various derivative instruments which are entered into from time to time. The risk management strategy and the use of derivatives are explained in note 54 and note 93.
- 2) The Company has designated the interest rate derivatives which were entered to mitigate interest rate risks on its external commercial bond and external commercial borrowings, as hedging instruments.

The impact of the hedging instrument on the Balance Sheet is as follows:

(Rs. in crores)

Hedged Instrument	As at March 31, 2024				As at March 31, 2023			
	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the year	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the year
Currency derivatives/ Interest rate derivatives	52,224.54	330.48	Derivative Financial Instruments	(56.12)	40,040.27	668.81	Derivative Financial Instruments	(14.68)

The impact of hedged items on the Balance sheet is as follows:

(Rs. in crores)

Hedged Item	As at March 31, 2024		As at March 31, 2023	
	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on March 31, 2024	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on March 31, 2023
External commercial bond, external commercial borrowings, term loan from banks and non-convertible debentures	56.12	(266.39)	14.68	(224.39)

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Hedged Item	External commercial bond, external commercial borrowings, term loan from banks and non-convertible debentures	External commercial bond and external commercial borrowings
Total hedging gain/ (loss) recognised in OCI	(56.12)	(14.68)
Ineffectiveness recognised in the statement of profit and loss	-	-
Line item in the statement of profit and loss that include the hedge ineffectiveness	NA	NA
Amount reclassified from cash flow hedge reserve to the statement of profit and loss	-	-
Line item in the statement of profit and loss that includes the reclassification adjustment	NA	NA

11 RECEIVABLES

(I) Trade receivables

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	51.63	17.00
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Gross carrying amount	51.63	17.00
Less: Allowances for impairment loss on trade receivables considered good - unsecured	-	-
Less: Allowances for impairment loss on trade receivables which have significant increase in credit risk	-	-
Less: Allowances for impairment loss on credit impaired trade receivables	-	-
Net carrying amount	51.63	17.00

the Company's impairment assessment and measurement approach for trade receivables is mentioned at Note 6.1.(ix). of material accounting policies.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

there are no dues from Directors or other officers of the Company or any firm or private company in which any Director is a partner, a Director or a member.

Trade receivables ageing

As at March 31, 2024 (Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables								
Considered good	-	-	51.63	-	-	-	-	51.63
Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
Considered good	-	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
Gross carrying amount	-	-	51.63	-	-	-	-	51.63

As at March 31, 2023 (Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables								
Considered good	-	-	17.00	-	-	-	-	17.00
Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-

11 RECEIVABLES (Contd.)

As at March 31, 2023

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Disputed Trade receivables								
Considered good	-	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
Gross carrying amount	-	-	17.00	-	-	-	-	17.00

(II) Other receivables

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Other receivables considered good - secured	-	-
Other receivables considered good - unsecured*	294.35	204.86
Other receivables which have significant increase in credit risk	37.56	49.56
Other receivables - credit impaired	24.71	30.18
Gross carrying amount	356.62	284.60
Less: Allowances for impairment loss on other receivables considered good - unsecured	9.98	6.35
Less: Allowances for impairment loss on other receivables which have significant increase in credit risk	2.97	4.17
Less: Allowances for impairment loss on credit impaired other receivables	10.71	13.96
Net carrying amount	332.96	260.12

*Includes receivable from subsidiary Rs. Nil crores (March 31, 2023: Rs. 0.01 crores).

the Company's impairment assessment and measurement approach for trade receivables is mentioned at Note 6.1.(ix) of material accounting policies.

there are no dues from Directors or other officers of the Company or any firm or private company in which any Director is a partner, a Director or a member.

Other receivables ageing

As at March 31, 2024

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed other receivables								
Considered good	-	294.02	0.33	-	-	-	-	294.35
Which have significant increase in credit risk	-	37.56	-	-	-	-	-	37.56
Credit impaired	-	21.99	0.29	2.43	-	-	-	24.71

11 RECEIVABLES (Contd.)

As at March 31, 2024

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Disputed other receivables								
Considered good	-	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
Gross carrying amount	-	353.57	0.62	2.43	-	-	-	356.62

As at March 31, 2023

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed other receivables								
Considered good	192.78	-	12.08	-	-	-	-	204.86
Which have significant increase in credit risk	49.56	-	-	-	-	-	-	49.56
Credit impaired	26.79	-	0.43	2.96	-	-	-	30.18
Disputed other receivables								
Considered good	-	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
Gross carrying amount	269.13	-	12.51	2.96	-	-	-	284.60

Reconciliation of impairment loss allowance on other receivables:

(Rs. in crores)

Particulars	Amount
Impairment allowance measured as per simplified approach	
Impairment allowance as per April 01, 2022	2.61
Add: Addition during the year	21.88
Less: Reduction during the year	0.01
Impairment allowance as per March 31, 2023	24.48
Add: Addition during the year	2.75
Less: Reduction during the year	3.57
Impairment allowance as per March 31, 2024	23.66

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
12 LOANS			
Loans (at amortised cost)			
(A)			
i) Term loans	204,033.67	171,702.30	
ii) Others @	17,633.99	11,636.12	
Total (A) - Gross	221,667.66	183,338.42	
Less : Impairment loss allowance	13,738.25	11,353.84	
Total (A) - Net	207,929.41	171,984.58	
(B)			
i) Secured by tangible assets	203,987.68	171,671.86	
ii) Secured by deposits	45.99	30.44	
iii) Unsecured	17,633.99	11,636.12	
Total (B) - Gross	221,667.66	183,338.42	
Less : Impairment loss allowance	13,738.25	11,353.84	
Total (B) - Net	207,929.41	171,984.58	
(C)			
Loans outside India	-	-	
Loans in India			
i) Public sector	-	-	
ii) Others			
Retail	219,462.04	182,341.86	
Corporates	2,205.62	996.56	
Total (C) - Gross	221,667.66	183,338.42	
Less : Impairment loss allowance	13,738.25	11,353.84	
Total (C) - Net	207,929.41	171,984.58	

ft ere are no loans measured at FVOCI or FVTPL or designated at FVTPL.

@ includes unsecured working capital loans, loans to employees, trade advances, personal loans, loans to MSME and part disbursement to customers.

Credit quality of assets

ft e table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. ft e amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 54.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 54.02.02.07.

		(Rs. in crores)							
		As at March 31, 2024				As at March 31, 2023			
Particulars		Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Internal rating grade									
Performing									
High grade	151,330.90	-	-	-	151,330.90	126,447.61	-	-	126,447.61
Standard grade	43,248.93	-	-	-	43,248.93	29,172.33	-	-	29,172.33
Sub-standard grade	-	11,585.15	-	-	11,585.15	-	12,363.44	-	12,363.44
Past due but not impaired	-	3,421.53	-	-	3,421.53	-	3,972.86	-	3,972.86
Non- performing	-	-	12,081.15	-	12,081.15	-	-	11,382.18	11,382.18
Total	194,579.83	15,006.68	12,081.15	221,667.66	155,619.94	16,336.30	11,382.18	183,338.42	

12 LOANS (Contd.)

An analysis of changes in the gross carrying amount as follows:

Particulars	Year ended March 31, 2024				Year ended March 31, 2023			
	General approach				General approach			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	155,619.94	16,336.30	11,382.18	183,338.42	103,492.98	13,318.50	8,887.55	125,699.03
Portfolio additions on account of business combination	-	-	-	-	26,100.37	3,652.01	836.81	30,589.19
Restated balance	155,619.94	16,336.30	11,382.18	183,338.42	129,593.35	16,970.51	9,724.36	156,288.22
New assets originated or purchased	133,587.23	6,761.67	1,835.41	142,184.32	101,779.74	8,131.66	1,937.11	111,848.51
Assets derecognised or repaid (excluding write offs and includes interest accruals adjusted)	(85,561.58)	(10,427.52)	(4,926.45)	(100,915.54)	(69,111.38)	(8,996.14)	(4,076.44)	(82,183.96)
Transfers to stage 1	12,938.72	(10,426.63)	(2,512.09)	-	11,892.10	(9,874.75)	(2,017.35)	-
Transfers to stage 2	(14,815.58)	15,296.85	(481.27)	-	(11,838.57)	12,704.98	(866.41)	-
Transfers to stage 3	(6,167.48)	(2,324.64)	8,492.12	-	(5,847.04)	(2,472.24)	8,319.28	-
Amounts written off	(1,021.43)	(209.35)	(1,708.75)	(2,939.53)	(848.26)	(127.72)	(1,638.37)	(2,614.35)
Gross carrying amount - Closing balance	194,579.83	15,006.68	12,081.15	221,667.66	155,619.94	16,336.30	11,382.18	183,338.42

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2024				Year ended March 31, 2023			
	General approach				General approach			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - Opening balance	4,541.30	1,105.27	5,707.27	11,353.84	3,381.35	1,211.03	4,441.50	9,033.88
New assets originated or purchased	4,237.94	524.62	624.39	5,386.95	2,719.46	641.75	729.33	4,090.54
Transfers to stage 1	1,999.19	(934.51)	(1,064.68)	-	1,743.97	(875.77)	(868.20)	-
Transfers to stage 2	(494.81)	695.92	(201.11)	-	(385.25)	755.51	(370.26)	-
Transfers to stage 3	(208.69)	(205.93)	414.62	-	(200.23)	(212.90)	413.13	-
Impact on year end ECL of exposures transferred between stages during the year and reversal of ECL on account of recovery	(3,337.12)	11.88	2,613.93	(711.31)	(2,435.63)	(242.02)	2,781.60	103.95
Provision no longer required	(363.79)	(89.73)	(1,837.71)	(2,291.22)	(282.37)	(172.33)	(1,419.83)	(1,874.53)
ECL allowance - Closing balance	6,374.03	1,107.51	6,256.71	13,738.25	4,541.30	1,105.27	5,707.27	11,353.84

the contractual amount outstanding on loans that have been written off during the financial year, but were still subject to enforcement activity was Rs. 1,485.28 crores (Rs. 1,463.57 crores for March 31, 2023).

13 INVESTMENTS

(Rs. in crores)

Particulars	As at March 31, 2024					As at March 31, 2023				
	Amortised Cost	At Fair Value		Others (at cost)	Total	Amortised Cost	At Fair Value		Others (at cost)	Total
		ffi rough OCI	ffi rough Profft or Loss				ffi rough OCI	ffi rough Profft or Loss		
Quoted										
i) Investments in mutual funds	-	-	300.38	-	300.38	-	-	512.31	-	512.31
ii) Investments in government securities (Refer note 65)	6,468.36	-	-	-	6,468.36	5,219.92	-	-	-	5,219.92
iii) Investments in equity instruments	-	79.84	-	-	79.84	-	63.35	-	-	63.35
Unquoted										
i) Investments in equity instruments	-	-	25.82	-	25.82	-	-	25.40	-	25.40
ii) Investment in subsidiary (Refer note 44)	-	-	-	1,562.24	1,562.24	-	-	-	1,562.24	1,562.24
iii) Investments in associate (Refer note 44)	-	-	-	13.37	13.37	-	-	-	13.37	13.37
iv) Investments in pass through certificates	2,281.56	-	-	-	2,281.56	1,207.71	-	-	-	1,207.71
v) <u>Others</u>										
Venture Capital Fund	-	-	1.52	-	1.52	-	-	1.53	-	1.53
Total Gross (A)	8,749.92	79.84	327.72	1,575.61	10,733.09	6,427.63	63.35	539.24	1,575.61	8,605.83
i) Investments outside India	-	79.84	-	-	79.84	-	63.35	-	-	63.35
ii) Investments in India	8,749.92	-	327.72	1,575.61	10,653.25	6,427.63	-	539.24	1,575.61	8,542.48
Total Gross (B)	8,749.92	79.84	327.72	1,575.61	10,733.09	6,427.63	63.35	539.24	1,575.61	8,605.83
Less : Allowance for impairment loss (C)	76.45	-	-	-	76.45	40.77	-	-	-	40.77
Total - Net D = (A) - (C)	8,673.47	79.84	327.72	1,575.61	10,656.64	6,386.86	63.35	539.24	1,575.61	8,565.06

More information regarding the valuation methodologies can be found in note 53.09.

ft ere are no investments designated at FVTPL.

ft e dividends of Rs. 1.45 crores (March 31, 2023: Rs. 6.52 crores) received from investments in shares are recorded as dividend income.

13 INVESTMENTS (Contd.)

Investments carried at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system for investments carried at amortised cost are explained in note 54.02.

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1 individual	Stage 2 individual	Stage 3	Total	Stage 1 individual	Stage 2 individual	Stage 3	Total
Internal rating grade								
Performing								
High grade	8,749.92	-	-	8,749.92	6,427.63	-	-	6,427.63
Total	8,749.92	-	-	8,749.92	6,427.63	-	-	6,427.63

(Rs. in crores)

An analysis of changes in gross carrying amount and the corresponding ECLs on investments carried at amortised cost which are subject to ECL is as follows:

Particulars	Year ended March 31, 2024				Year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	6,427.63	-	-	6,427.63	4,461.06	-	-	4,461.06
Effects of business combination (Refer note 51)	-	-	-	-	772.58	-	-	772.58
New assets originated or purchased	3,739.21	-	-	3,739.21	2,505.54	-	-	2,505.54
Assets derecognised or matured (excluding write-offs)	(1,416.92)	-	-	(1,416.92)	(1,311.55)	-	-	(1,311.55)
Closing balance	8,749.92	-	-	8,749.92	6,427.63	-	-	6,427.63

(Rs. in crores)

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2024				Year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance in ECL	40.77	-	-	40.77	36.00	-	-	36.00
Effects of business combination (Refer note 51)	-	-	-	-	0.07	-	-	0.07
Changes to models and inputs used for ECL calculations	35.68	-	-	35.68	4.70	-	-	4.70
Closing balance in ECL	76.45	-	-	76.45	40.77	-	-	40.77

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
14 OTHER FINANCIAL ASSETS		
Security deposits (at amortised cost)		
Gross	73.37	76.78
Less: Impairment loss allowance	5.13	4.08
Net	68.24	72.70

(Rs. in crores)

14 OTHER FINANCIAL ASSETS (Contd.)

Reconciliation of ECL balance in relation to security deposits is given below:

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
ECL allowance - opening balance	4.08	0.39
Add: Addition during the year	1.29	3.69
Less: Reduction during the year	0.24	-
ECL allowance - closing balance	5.13	4.08

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
15 CURRENT TAX ASSETS (NET)		
Advance income tax [net of provision for income tax Rs. 10,940.12 crores (March 31, 2023: Rs. 7,559.44 crores)]	572.51	716.97
Total	572.51	716.97

Particulars	(Rs. in crores)		
	Freehold land	Building	Total
16 INVESTMENT PROPERTY			
Gross block*			
As at April 01, 2022	0.70	1.45	2.15
Additions	-	-	-
Transfer from property, plant and equipment	-	0.77	0.77
Disposals	-	-	-
As at March 31, 2023	0.70	2.22	2.92
Additions	-	-	-
Disposals	0.70	1.20	1.90
As at March 31, 2024	-	1.02	1.02
Accumulated depreciation and impairment losses			
As at April 01, 2022	-	0.18	0.18
Charge for the year	-	0.05	0.05
Transfer from property, plant and equipment	-	0.07	0.07
Disposals	-	-	-
As at March 31, 2023	-	0.30	0.30
Charge for the year	-	0.04	0.04
Disposals	-	0.30	0.30
As at March 31, 2024	-	0.04	0.04
Net carrying amount as at March 31, 2023	0.70	1.92	2.62
Net carrying amount as at March 31, 2024	-	0.98	0.98

*Refer note 6.9 of material accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

16 INVESTMENT PROPERTY (Contd.)

(i) **Amounts recognised in Statement of Profit and Loss for Investment property**

(Rs. in crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rental income from investment property	0.13	0.17
Direct operating expenses arising from investment property that generated rental income during the year	0.02	0.02
Direct operating expenses arising from investment property that did not generate rental income during the year	0.03	0.00
Profit from investment property before depreciation	0.08	0.15
Depreciation charge for the year	0.04	0.05
Profit from investment property after depreciation	0.04	0.10

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

(ii) **Contractual obligations**

The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) **Fair value**

The fair value of the investment property as at March 31, 2024 is Rs. 4.11 crores (March 31, 2023 is Rs. 6.47 crores).

(iv) **Pledged details**

Carrying value of investment property pledged as collateral for liabilities as at March 31, 2024 is Rs. Nil (March 31, 2023 is Rs. 0.91 crores).

(v) **Estimation of fair value**

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

(vi) **Leasing arrangements**

Investment properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

17 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Right-of-use Asset(Lease premises)	Total
Gross block*										
As at April 01, 2022	0.59	2.39	11.46	57.85	32.60	32.29	0.06	113.63	570.74	821.61
Effects of business combination (Refer note 51)	0.02	0.13	31.94	80.30	39.13	30.82	0.67	146.55	289.50	619.06
Restated as at April 01, 2022	0.61	2.52	43.40	138.15	71.73	63.11	0.73	260.18	860.24	1,440.67
Additions	-	-	2.91	42.00	10.24	16.50	0.53	33.10	175.01	280.29
Transferred to investment property	-	(0.77)	-	-	-	-	-	-	-	(0.77)
Disposals	-	-	2.62	17.05	3.63	2.37	0.38	9.32	11.10	46.47
As at March 31, 2023	0.61	1.75	43.69	163.10	78.34	77.24	0.88	283.96	1,024.15	1,673.72
Additions	-	-	3.05	57.61	18.89	18.80	1.03	71.76	247.87	419.01
Transferred to Other intangible assets	-	-	3.42	(4.52)	0.01	-	-	-	-	(1.09)
Disposals	-	0.27	4.23	15.84	7.91	5.21	0.04	10.73	29.21	73.44
As at March 31, 2024	0.61	1.48	45.93	200.35	89.33	90.83	1.87	344.99	1,242.81	2,018.20
Accumulated depreciation and impairment losses										
As at April 01, 2022	-	0.07	4.83	27.88	18.69	11.31	(0.11)	77.64	268.22	408.53
Effects of business combination (Refer note 51)	-	0.04	17.71	65.19	32.65	19.71	0.27	129.83	114.64	380.04
Restated as at April 01, 2022	-	0.11	22.54	93.07	51.34	31.02	0.16	207.47	382.86	788.57
Charge for the year	-	0.02	3.86	21.39	9.00	5.86	0.16	26.89	151.11	218.29
Transferred to investment property	-	(0.07)	-	-	-	-	-	-	-	(0.07)
Disposals	-	-	2.33	15.77	3.36	1.69	0.31	9.28	0.03	32.77
As at March 31, 2023	-	0.06	24.07	98.69	56.98	35.19	0.01	225.08	533.94	974.02
Charge for the year	-	0.03	3.46	30.71	8.10	7.21	0.17	29.96	159.63	239.27
Transferred to Other intangible assets	-	-	3.15	(4.20)	0.01	-	-	-	-	(1.04)
Disposals	-	0.04	3.55	14.14	7.50	3.94	0.04	10.61	-	39.82
As at March 31, 2024	-	0.05	27.13	111.06	57.59	38.46	0.14	244.43	693.57	1,172.43
Net carrying amount as at March 31, 2023	0.61	1.69	19.62	64.41	21.36	42.05	0.87	58.88	490.21	699.70
Net carrying amount as at March 31, 2024	0.61	1.43	18.80	89.29	31.74	52.37	1.73	100.56	549.24	845.77

*Refer note 6.9 of material accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

Carrying value of property, plant and equipment pledged as collateral for liabilities as at March 31, 2024 is Rs. 0.17 crores (March 31, 2023 is Rs. 0.35 crores).
The Company has not revalued any of its property, plant and equipment during the year ended March 31, 2024 and year ended March 31, 2023. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/ reversals is Rs. Nil.

18 INTANGIBLE ASSETS UNDER DEVELOPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS #

(A) Intangible assets under development

		(Rs. in crores)
Particulars		Amount
Gross block		
As at April 01, 2022		-
Additions		66.08
Disposals		-
As at March 31, 2023		66.08
Additions		-
Disposals		-
Transferred to Other intangible assets		(66.08)
As at March 31, 2024		-
Accumulated amortisation and impairment losses		
As at April 01, 2022		-
Charge for the year		-
Disposals		-
As at March 31, 2023		-
Charge for the year		-
Disposals		-
As at March 31, 2024		-
Net carrying amount as at March 31, 2023		66.08
Net carrying amount as at March 31, 2024		-

Intangible assets under development aging

As at March 31, 2024

Intangible assets under development were Rs. Nil for the financial year ended March 31, 2024.

As at March 31, 2023

					(Rs. in crores)
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	66.08	-	-	-	66.08
Projects temporarily suspended	-	-	-	-	-

18 INTANGIBLE ASSETS UNDER DEVELOPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS # (Contd.)

		(Rs. in crores)
(B) Goodwill		
Particulars		Amount
Gross block		
As at April 01, 2022		-
Effects of business combination (Refer note 51)		1,408.63
Restated as at April 01, 2022		1,408.63
Additions		-
Effects of business combination (Refer note 51)		(1.90)
Disposals		-
As at March 31, 2023		1,406.73
Additions		-
Disposals		-
As at March 31, 2024		1,406.73
Accumulated amortisation and impairment losses		
As at April 01, 2022		-
Effects of business combination (Refer note 51)		-
Restated as at April 01, 2022		-
Charge for the year		-
Disposals		-
As at March 31, 2023		-
Charge for the year		-
Disposals		-
As at March 31, 2024		-
Net carrying amount as at March 31, 2023		1,406.73
Net carrying amount as at March 31, 2024		1,406.73

		(Rs. in crores)		
(C) Other intangible assets				
Particulars	Computer Software	Distribution Network	Total	
	(A)	(B)	(C) = (A)+(B)	
Gross block*				
As at April 01, 2022	7.27	-		7.27
Effects of business combination (Refer note 51)	43.39	1,511.00		1,554.39
Restated as at April 01, 2022	50.66	1,511.00		1,561.66
Additions	5.67	-		5.67
Effects of business combination (Refer note 51)	-	1.90		1.90
Disposals	0.00	-		0.00
As at March 31, 2023	56.33	1,512.90		1,569.23
Additions	79.66	-		79.66
Disposals	1.09	-		1.09
Transfer from Property, plant and equipment	1.10	-		1.10
Transfer from Intangible assets under development	66.08			66.08
As at March 31, 2024	202.08	1,512.90		1,714.98

18 INTANGIBLE ASSETS UNDER DEVELOPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS # (Contd.)

(C) Other intangible assets		(Rs. in crores)	
Particulars	Computer Software	Distribution Network	Total
	(A)	(B)	(C) = (A)+(B)
Accumulated amortisation and impairment losses			
As at April 01, 2022	4.23	-	4.23
Effects of business combination (Refer note 51)	41.50	-	41.50
Restated as at April 01, 2022	45.73	-	45.73
Charge for the year	3.27	302.58	305.85
Disposals	-	-	-
As at March 31, 2023	49.00	302.58	351.58
Charge for the year	26.94	302.58	329.52
Disposals	1.09	-	1.09
Transfer from Property, plant and equipment	1.04	-	1.04
As at March 31, 2024	75.89	605.16	681.05
Net carrying amount as at March 31, 2023	7.33	1,210.32	1,217.65
Net carrying amount as at March 31, 2024	126.19	907.74	1,033.93

Other than internally generated

*Refer note 6.9 of material accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

As the Company has not revalued any of its intangible assets during the financial year ended March 31, 2024 and March 31, 2023. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/ reversals is Rs. Nil.

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
19 OTHER NON-FINANCIAL ASSETS		
Goods and services tax credit (input) receivable	237.92	323.33
Prepaid expenses	18.11	21.22
Capital advances	7.40	8.64
Duties paid under protest	49.44	43.13
Other non-financial assets*	37.19	28.19
Total	350.06	424.51

*Other non-financial assets include advances to employees, vendors and towards rent.

20 PAYABLES

(I) Trade payables		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
(i) total outstanding dues of micro enterprises and small enterprises (Refer note 55)	0.02	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises*	211.76	293.24	
Total	211.78	293.24	

*Includes payable to associate Rs. 3.24 crores (March 31, 2023: Rs. 1.06 crores).

20 PAYABLES (Contd.)

Trade payables ageing

As at March 31, 2024

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	0.02	-	-	-	0.02
(ii) Others	44.37	28.02	137.01	0.61	0.69	1.06	211.76
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	44.37	28.02	137.03	0.61	0.69	1.06	211.78

As at March 31, 2023

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	78.60	-	211.15	0.96	1.23	1.30	293.24
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	78.60	-	211.15	0.96	1.23	1.30	293.24

(II) Other payables

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) total outstanding dues of micro enterprises and small enterprises (Refer note 55)	2.25	0.36
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3.16	1.09
Total	5.41	1.45

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured		
Redeemable non-convertible debentures		
- Public issue ₹	1,128.46	2,508.89
- Privately placed ₹ ₹	30,411.55	27,648.08
External commercial bond	10,948.31	12,513.28
Senior secured notes	-	894.73

21 DEBT SECURITIES

At amortised cost

Secured

Redeemable non-convertible debentures

- Public issue ₹

- Privately placed ₹ ₹

External commercial bond

Senior secured notes

21 DEBT SECURITIES (Contd.)

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Unsecured		
Redeemable non-convertible debentures		
- Privately placed	90.42	87.61
Commercial papers	2,369.87	-
Total	44,948.61	43,652.59
Debt securities in India	34,000.30	30,244.58
Debt securities outside India	10,948.31	13,408.01
Total	44,948.61	43,652.59

ft ere are no debt securities measured at FVTPL or designated at FVTPL.

¥ includes Rs. 76.56 crores (March 31, 2023 Rs. 87.68 crores) issued to related parties.

¥¥ includes Rs. 511.02 crores (March 31, 2023 Rs. 370.13 crores) issued to related parties.

Term of repayment, nature of security, etc

A) Redeemable Non-Convertible Debenture (NCD) - Secured

1 Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Sl.	Particulars	Amount Utilised	Redeemable at par/ premium (from the date of the Balance Sheet) (Rate of interest <10%)						Total	Date of redemption	Amount redeemed
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
i.	(IPO 2018 - 1)	3,648.52	-	-	-	-	-	499.93	499.93	July 12, 2023 July 12, 2021 December 26, 2019	780.85 2,285.45 107.40
ii.	(IPO 2018 - 2)	606.79	-	-	-	-	-	72.16	72.16	November 02, 2021 November 02, 2022	284.39 251.08
iii.	(IPO 2018 - 3)	537.31	-	-	-	-	-	60.40	60.40	February 06, 2022 February 06, 2024	247.04 229.75
iv.	(IPO 2019 - 2)	193.67	72.98	-	26.70	-	-	-	99.68	January 28, 2023	100.65
	Total								732.17		

As at March 31, 2023

(Rs. in crores)

Sl.	Particulars	Amount Utilised	Redeemable at par/ premium (from the date of the Balance Sheet) (Rate of interest <10%)						Total	Date of redemption	Amount redeemed
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
i.	(IPO 2018 - 1)	3,648.52	865.47	-	-	-	-	498.94	1,364.41	July 12, 2021 December 26, 2019	2,285.45 107.40
ii.	(IPO 2018 - 2)	606.79	275.95	-	-	-	-	71.99	347.94	November 02, 2021	284.39
iii.	(IPO 2018 - 3)	537.32	249.73	-	-	-	-	60.26	309.99	February 06, 2022	247.04

21 DEBT SECURITIES (Contd.)

As at March 31, 2023

(Rs. in crores)

Sl.	Particulars	Amount Utilised	Redeemable at par/ premium (from the date of the Balance Sheet) (Rate of interest <10%)						Total	Date of redemption	Amount redeemed
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
iv.	(IPO 2019 - 2)	193.67	-	70.71	-	26.57	-	-	97.28	January 28, 2023	100.65
	Total								2,119.62		

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

2 Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Sl.	Particulars	Rate of interest	Amount Utilised	Redeemable at par/ premium (from the date of the Balance Sheet)						Total	Date of redemption	Amount redeemed
				Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
i.	(IPO 2019 - 1)	< 10%	129.41	61.14	-	42.54	-	-	-	103.68	February 22, 2023	42.23
		>= 10% < 12%	210.53	49.88	-	27.49	-	-	-	77.37	February 22, 2022	53.11
											February 22, 2023	84.02
ii.	(IPO 2019 - April)	>= 10% < 12%	252.51	140.32	-	-	-	-	-	140.32	April 30, 2022	130.36
iii.	(IPO 2019 - September)	< 10%	48.35	11.12	-	-	-	-	-	11.12	September 25, 2022	37.29
		>= 10% < 12%	57.92	63.80	-	-	-	-	-	63.80	-	-
	Total									396.29		

As at March 31, 2023

(Rs. in crores)

Sl.	Particulars	Rate of interest	Amount Utilised	Redeemable at par/ premium (from the date of the Balance Sheet)						Total	Date of redemption	Amount redeemed
				Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
i.	(IPO 2019 - 1)	< 10%	129.41	-	58.47	-	40.45	-	-	98.92	February 22, 2023	42.23
		>= 10% < 12%	210.53	-	49.59	-	27.38	-	-	76.97	February 22, 2022	53.11
											February 22, 2023	84.02
ii.	(IPO 2019 - April)*	>= 10% < 12%	252.51	-	138.55	-	-	-	-	138.55	April 30, 2022	130.36
iii.	(IPO 2019 - September)*	< 10%	48.35	-	11.23	-	-	-	-	11.23	September 25, 2022	37.29
		>= 10% < 12%	57.92	-	63.59	-	-	-	-	63.59	-	-
	Total									389.26		

*Effects of business combination (Refer note 51)

21 DEBT SECURITIES (Contd.)

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

3 Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total
		Upto 1 year ^ # \$	1-2 years ^	2-3 years ^ \$	3-4 years \$	4-5 years	Over 5 years	
Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each	< 10% ^ \$	2,955.49	1,435.21	445.87	-	-	11,767.44	16,604.01
	>= 10% < 12% ^ #	3,145.26	-	-	-	-	161.51	3,306.77
Total		6,100.75	1,435.21	445.87	-	-	11,928.95	19,910.78

^ NCD amounting to Rs. 2,027.70 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

includes NCD of Rs. 250 crores partly paid to the extent of Rs. 12.50 crores.

\$ Out of above NCD having put/ call option are as under

Sr No.	Put/ Call Option Date	Rate of interest	Amount (Rs. in crores)
1	May 22, 2024	9.06%	200.00
2	September 12, 2025	8.93%	190.00
3	September 12, 2025	8.93%	300.00
4	September 12, 2025	9.09%	345.00
5	October 31, 2025	9.14%	50.00
6	November 01, 2026	8.96%	325.00
7	April 02, 2027	8.48%	100.00
Total			1,510.00

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total
		Upto 1 year ^ # \$	1-2 years ^	2-3 years ^ \$	3-4 years \$	4-5 years	Over 5 years	
Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each	< 10% ^ \$	7,944.80	3,863.34	813.59	445.54	-	11,899.74	24,967.01
	>= 10% < 12% ^ #	206.11	1,615.46	-	-	-	-	1,821.57
Total		8,150.91	5,478.80	813.59	445.54	-	11,899.74	26,788.58

^ NCD amounting to Rs. 4,067.70 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

includes NCD of Rs. 250.00 crores partly paid to the extent of Rs. 216.67 crores.

21 DEBT SECURITIES (Contd.)

\$ Out of above NCD having put/ call option are as under

Sr No.	Put/ Call Option Date	Rate of interest	Amount (Rs. in crores)
1	August 12, 2023	7.95%	260.00
2	October 31, 2025	9.14%	50.00
3	April 02, 2027	8.48%	100.00
Total			410.00

Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

4 Privately placed Redeemable Non-Convertible Debenture of Rs. 100,000/- each (Effects of business combination - Refer note 51)

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Privately placed Redeemable Non-Convertible Debenture of Rs. 100,000/- each	< 10%	1,028.49	2,054.10	3,891.24	154.65	1,604.02	358.05	9,090.55
	>= 10% < 12%	340.55	-	259.74	-	809.93	-	1,410.22
Total		1,369.04	2,054.10	4,150.98	154.65	2,413.95	358.05	10,500.77

As at March 31, 2023

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Privately placed Redeemable Non-Convertible Debenture of Rs. 100,000/- each	< 10%	-	-	399.35	124.16	-	-	523.51
	>= 10% < 12%	-	335.99	-	-	-	-	335.99
Total		-	335.99	399.35	124.16	-	-	859.50

Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Public issue (1+2)	1,128.46	2,508.88
Privately placed (3+4)	30,411.55	27,648.08
Total Non-Convertible Debentures - Secured	31,540.01	30,156.96

21 DEBT SECURITIES (Contd.)

B) External Commercial Bond (ED) - Secured

i) Privately placed Redeemable External Commercial Bond

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total	Date of redemption	Amount redeemed
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
Privately placed Redeemable External Commercial Bond	< 10%	-	3,391.22	1,239.85	6,317.24	-	-	10,948.31	March 13, 2024	1,630.35
									March 13, 2024	3,672.50
									October 24, 2022	3,991.97
									February 28, 2022	2,849.90
	>= 10% < 12%	-	-	-	-	-	-	-	July 16, 2023	1,758.28
Total		-	3,391.22	1,239.85	6,317.24	-	-	10,948.31		13,903.00

As at March 31, 2023

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total	Date of redemption	Amount redeemed
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
Privately placed Redeemable External Commercial Bond	< 10%	6,030.31	-	3,305.98	1,219.57	-	-	10,555.86	October 24, 2022	3,991.97
									February 28, 2022	2,849.90
	>= 10% < 12%	1,957.42	-	-	-	-	-	1,957.42	-	-
Total		7,987.73	-	3,305.98	1,219.57	-	-	12,513.28		6,841.87

Issue details of External Commercial Bonds outstanding as at March 31, 2024

Date of Issue	Product	ROI	Amount		Program	Listed on	Due dates	Utilisation
			USD	Rs. in crores				
January 22, 2024	Senior Secured Notes	6.625%	750,000,000	6,238.50	USD 3,500,000,000 Global Medium Term Note (GMTN) Programme	Indian International Exchange (“INX”) January 24, 2024	2027	ft e proceeds of the issue of the notes have been utilised in accordance with the Company's Social Finance Framework and as may be permitted by the RBI ECB guidelines for onward lending and other activities
March 29, 2023	Senior Secured Floating Rate Notes	6.370%	150,000,000	1,233.00		Indian International Exchange (“INX”) March 29, 2023	2026	
January 18, 2022	Senior Secured Notes (Social Bonds)	4.150%	475,000,000	3,512.86		Singapore Stock Exchange (SGX-ST) on January 19, 2022	2025	
March 31, 2021	Senior Secured Notes (Social Bonds)	4.400%	225,000,000	1,630.35	USD 500,000,000 Global Medium Term Note (GMTN) Programme	Singapore Stock Exchange (SGX-ST) on April 01, 2021	2024	
January 13, 2021	Senior Secured Notes (Social Bonds)	4.400%	500,000,000	3,672.50	USD 3,000,000,000 Global Medium Term Note (GMTN) Programme	Singapore Stock Exchange (SGX-ST) on January 14, 2021		
January 16, 2020	Senior Secured Notes (Social Bonds)	5.100%	500,000,000	3,643.25		Singapore Stock Exchange (SGX-ST)	2023	

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

21 DEBT SECURITIES (Contd.)

C) Senior Secured Notes

i) Senior Secured Notes of Rs. 10,000,000/- each

Terms of repayment

(Rs. in crores)

Particulars	Amount Utilised	Rate of interest	Tenure (from the date of the Balance Sheet)						Total	Date of redemption	Amount redeemed
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years			
As at March 31, 2024	2,510.00	< 10%	-	-	-	-	-	-	-	June 08, 2023	840.00
										March 12, 2021	320.00
										February 18, 2020	1,350.00
As at March 31, 2023	2,510.00	< 10%	894.73	-	-	-	-	-	894.73	March 12, 2021	320.00
										February 18, 2020	1,350.00

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

D) Redeemable Non-Convertible Debenture (NCD) - Unsecured

i) Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

Terms of repayment

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par/ premium (from the date of the Balance Sheet)						Total
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each	As at March 31, 2024	>= 12% < 14%	90.42	-	-	-	-	90.42
	As at March 31, 2023	>= 12% < 14%	-	87.61	-	-	-	87.61

E) Commercial papers (CP) - Unsecured

Terms of repayment

(Rs. in crores)

Particulars	Rate of interest	As at March 31, 2024	As at March 31, 2023
Commercial papers	< 10%	2,369.87	-

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023

22 BORROWINGS (OTHER THAN DEBT SECURITIES)

At amortised cost

Secured

Term loan from banks - INR	35,232.49	31,900.26
Term loan from financial institutions/corporates - INR	10,405.19	9,296.56
External commercial borrowing - FCNR	14,467.05	9,828.01
Loans repayable on demand from banks (Cash credit from banks)	906.04	459.10
Bank overdrafts	1,999.87	-
Other loans - INR - Securitisation liabilities	29,138.16	22,106.09
Total	92,148.80	73,590.02
Borrowings in India	77,681.75	63,762.01
Borrowings outside India	14,467.05	9,828.01
Total	92,148.80	73,590.02

22 BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

There are no borrowings measured at FVTPL or designated at FVTPL.

The borrowings have not been guaranteed by directors or others. The Company has not defaulted in repayment of principal and interest to its lenders.

The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they were borrowed.

The Company has borrowed funds from banks and financial institutions on the basis of security of current assets. It has filed quarterly returns or statements of current assets with banks and financial institutions and the said returns/statements are in agreement with books of accounts.

Term of repayment, nature of security, etc

A) Term loans from banks - Secured (INR)

Terms of repayment #

As at March 31, 2024

(Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Term loans from banks - Secured (INR)	18 to 60 installments of monthly, quarterly frequency	8.60% to 10.32%	-	-	-	-	10,969.86	-	10,969.86
	14 to 60 installments of monthly, quarterly frequency	9.05% to 10.70%	-	-	-	6,709.12	-	-	6,709.12
	1 to 60 installments of bullet, monthly, quarterly, specific frequency	8.43% to 10.72%	-	-	7,060.36	-	-	-	7,060.36
	11 to 60 installments of monthly, quarterly, specific frequency	6.95% to 11.29%	-	4,059.60	-	-	-	-	4,059.60
	1 to 48 installments of bullet, monthly, quarterly frequency	6.50% to 13.12%	6,433.55	-	-	-	-	-	6,433.55
Total			6,433.55	4,059.60	7,060.36	6,709.12	10,969.86	-	35,232.49

As at March 31, 2023

(Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Term loans from banks - Secured (INR)	20 installments of quarterly frequency	9.75%	-	-	-	-	-	743.45	743.45
	19 to 60 installments of monthly and quarterly frequency	8.11% to 9.75%	-	-	-	-	5,982.37	-	5,982.37
	1 to 60 installments of bullet, monthly and quarterly frequency	7.50% to 11.15%	-	-	-	7,278.41	-	-	7,278.41
	11 to 60 installments of monthly, quarterly and specific frequency	8.43% to 10.72%	-	-	6,708.10	-	-	-	6,708.10
	1 to 48 installments of bullet, monthly and quarterly frequency	6.95% to 11.29%	-	4,494.15	-	-	-	-	4,494.15
	1 to 36 installments of bullet, monthly, quarterly and specific frequency	6.50% to 13.12%	6,693.78	-	-	-	-	-	6,693.78
Total			6,693.78	4,494.15	6,708.10	7,278.41	5,982.37	743.45	31,900.26

Loans are classified in respective time buckets based on option date.

22 BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)
Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

B) Term loans from financial institutions/corporates - Secured (INR)
Terms of repayment #
As at March 31, 2024

(Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Term loans from financial institutions/corporates - Secured (INR)	21 installments of quarterly frequency	8.61%	-	-	-	-	-	603.43	603.43
	18 to 21 installments of quarterly, specific frequency	8.30% to 8.60%	-	-	-	-	3,938.33	-	3,938.33
	21 installments of quarterly frequency	8.50%	-	-	-	844.83	-	-	844.83
	11 to 20 installments of quarterly frequency	7.34% to 9.25%	-	-	2,227.36	-	-	-	2,227.36
	11 to 20 installments of quarterly frequency	7.20% to 11.16%	-	2,012.22	-	-	-	-	2,012.22
	10 to 12 installments of quarterly, half yearly, specific frequency	7.52% to 12.86%	779.01	-	-	-	-	-	779.01
Total			779.01	2,012.22	2,227.36	844.83	3,938.33	603.43	10,405.19

As at March 31, 2023

(Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Term loans from financial institutions/corporates - Secured (INR)	21 installments of quarterly frequency	8.30%	-	-	-	-	-	1,003.53	1,003.53
	21 installments of quarterly frequency	8.50%	-	-	-	-	1,053.28	-	1,053.28
	19 to 20 installments of quarterly frequency	7.34% to 9.25%	-	-	-	2,275.73	-	-	2,275.73
	11 to 20 installments of quarterly frequency	7.20% to 10.75%	-	-	3,113.73	-	-	-	3,113.73
	10 to 12 installments of quarterly, half-yearly and specific frequency	7.52% to 11.05%	-	1,753.13	-	-	-	-	1,753.13
	11 to 12 installments of quarterly and specific frequency	9.70% to 10.50%	97.16	-	-	-	-	-	97.16
Total			97.16	1,753.13	3,113.73	2,275.73	1,053.28	1,003.53	9,296.56

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

22 BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

C) External commercial borrowing

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
External commercial borrowing	16 installments of specific frequency	9.20%	-	-	-	-	-	2,088.38	2,088.38
	9 to 11 installments of half-yearly and specific frequency and bullet payments	9.1% to 9.4%	-	-	-	1,947.93	-	-	1,947.93
	11 to 13 installments of half-yearly and specific frequency and bullet payments	8.63% to 10.86%	-	-	7,463.63	-	-	-	7,463.63
	Bullet frequency	8.84% to 10.29%	-	2,754.47	-	-	-	-	2,754.47
	Bullet frequency	8.12%	212.64	-	-	-	-	-	212.64
Total			212.64	2,754.47	7,463.63	1,947.93	-	2,088.38	14,467.05

As at March 31, 2023

(Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
External commercial borrowing	16 installments of specific frequency	9.20%	-	-	-	-	-	2,053.32	2,053.32
	9 to 11 installments of half-yearly and specific frequency	9.10% to 9.40%	-	-	-	-	1,294.92	-	1,294.92
	11 to 13 installments of half-yearly and specific frequency	8.63% to 10.86%	-	-	-	729.55	-	-	729.55
	Bullet frequency	8.84% to 10.29%	-	-	2,655.29	-	-	-	2,655.29
	Bullet frequency	8.12%	-	208.71	-	-	-	-	208.71
	Bullet frequency	9.83% to 10.02%	2,886.22	-	-	-	-	-	2,886.22
Total			2,886.22	208.71	2,655.29	729.55	1,294.92	2,053.32	9,828.01

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

D) Loans repayable on demand from banks (Cash credit from banks)

Terms of repayment

(Rs. in crores)

Particulars	Rate of interest	As at March 31, 2024	As at March 31, 2023
Loans repayable on demand from banks (Cash credit from banks)	6.10% to 10.80%	-	459.10
	7.45% to 10.95%	906.04	-

Nature of security

Secured by hypothecation of specific assets covered under hypothecation loan agreements.

22 BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

E) Bank overdrafts

Terms of repayment

(Rs. in crores)			
Particulars	Rate of interest	As at March 31, 2024	As at March 31, 2023
Bank overdrafts	7.90%	1,999.87	-

Nature of security

Secured by hypothecation of specific assets covered under hypothecation loan agreements.

F) Other loans - INR - Securitisation liabilities

Terms of repayment

As at March 31, 2024 (Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Other loans - INR - Securitisation liabilities	1 to 72 months installments of monthly frequency	8.64% to 9.53%	-	-	-	-	-	3,465.78	3,465.78
	1 to 60 months installments of monthly frequency	7.74% to 9.12%	-	-	-	-	11,412.92	-	11,412.92
	1 to 71 months installments of monthly frequency	6.15% to 9.66%	-	-	-	6,897.06	-	-	6,897.06
	1 to 80 months installments of monthly frequency	5.91% to 11.63%	-	-	4,413.27	-	-	-	4,413.27
	1 to 87 months installments of monthly frequency	6.11% to 10.3%	-	2,785.52	-	-	-	-	2,785.52
	1 to 65 months installments of monthly frequency	5.71% to 9.52%	163.61	-	-	-	-	-	163.61
Total			163.61	2,785.52	4,413.27	6,897.06	11,412.92	3,465.78	29,138.16

As at March 31, 2023 (Rs. in crores)

Particulars	Repayment details	Rate of interest	Tenure (from the date of the Balance Sheet)						Total
			Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Other loans - INR - Securitisation liabilities	1 to 73 installments of monthly frequency	7.70% to 8.75%	-	-	-	-	-	2,648.48	2,648.48
	1 to 60 installments of monthly frequency	6.10% to 8.55%	-	-	-	-	7,660.57	-	7,660.57
	1 to 88 installments of monthly frequency	5.90% to 9.90%	-	-	-	6,533.04	-	-	6,533.04
	1 to 81 installments of monthly frequency	6.05% to 9.11%	-	-	4,315.75	-	-	-	4,315.75
	1 to 65 installments of monthly frequency	5.95% to 9.20%	-	456.02	-	-	-	-	456.02
	1 to 69 installments of monthly frequency	6.50% to 9.00%	492.23	-	-	-	-	-	492.23
Total			492.23	456.02	4,315.75	6,533.04	7,660.57	2,648.48	22,106.09

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
23 DEPOSITS			
At amortised cost			
Unsecured			
i. Public deposits (Refer note 65)*	42,802.28	34,671.99	
ii. From Banks	-	-	
iii. From Others			
- Deposits from corporates **	1,641.38	1,467.84	
Total	44,443.66	36,139.83	

ft ere are no deposits measured at FVTPL or designated at FVTPL.

* includes Rs. 4.73 crores (March 31, 2023 Rs. 3.47 crores) accepted from related parties including Director.

** includes Rs. 194.69 crores (March 31, 2023 Rs. 171.87 crores) accepted from related parties.

Term of repayment, nature of security, etc

A) Deposits from public - Unsecured - [Refer note 65]

Terms of repayment

		(Rs. in crores)					
Particulars	Rate of interest	Redeemable at par (from the date of the Balance Sheet)					Total deposits from public
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	
As at March 31, 2024	< 10%	10,584.95	10,937.10	9,569.50	6,691.62	5,019.11	42,802.28
As at March 31, 2023		8,612.75	8,259.06	9,646.19	3,540.37	4,613.62	34,671.99

B) Deposits from corporates - Unsecured

Terms of repayment

		(Rs. in crores)					
Particulars	Rate of interest	Redeemable at par (from the date of the Balance Sheet)					Total deposits from corporates
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	
As at March 31, 2024	< 10%	840.00	350.57	357.25	58.78	34.78	1,641.38
As at March 31, 2023		701.82	454.39	223.18	48.74	39.71	1,467.84

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
24 SUBORDINATED LIABILITIES			
At amortised cost			
Others			
Unsecured			
Subordinated debts - Debentures #	4,300.07	4,523.85	
Total	4,300.07	4,523.85	
Subordinated debts in India	4,300.07	4,523.85	
Subordinated debts outside India	-	-	
Total	4,300.07	4,523.85	

ft ere are no subordinated liabilities measured at FVTPL or designated at FVTPL.

includes Rs. 330.21 crores (March 31, 2023 Rs. 523.20 crores) issued to related parties.

24 SUBORDINATED LIABILITIES (Contd.)

Term of repayment, nature of security, etc

A) Subordinated liabilities - Unsecured - Debentures

i) Privately placed subordinated liabilities of Rs. 1,000,000/- each

Terms of repayment

As at March 31, 2024

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par (from the date of the Balance Sheet)						Total
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Privately placed subordinated liabilities of Rs. 1,000,000/- each	<10%	41.13	39.97	137.92	1,396.89	-	-	1,615.91
	>=10% <12%	555.45	57.31	-	-	79.07	-	691.83
	>=12% <14%	1,773.36	-	-	-	-	-	1,773.36
Total		2,369.94	97.28	137.92	1,396.89	79.07	-	4,081.10

As at March 31, 2023

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par (from the date of the Balance Sheet)						Total
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
Privately placed subordinated liabilities of Rs. 1,000,000/- each	<10%	-	41.08	39.92	137.76	1,395.94	-	1,614.70
	>=10% <12%	333.26	548.28	57.11	-	-	79.00	1,017.65
	>=12% <14%	-	1,723.84	-	-	-	-	1,723.84
Total		333.26	2,313.20	97.03	137.76	1,395.94	79.00	4,356.19

ii) Privately placed subordinated liabilities of Rs. 10,000,000/- each

Terms of repayment

(Rs. in crores)

Particulars	Rate of interest	Redeemable at par (from the date of the Balance Sheet)						Total
		Upto 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
As at March 31, 2024	<10%	-	-	-	-	-	218.97	218.97
As at March 31, 2023		-	-	-	-	-	167.66	167.66

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Privately placed (i+ii)	4,300.07	4,523.85
Total subordinated liabilities	4,300.07	4,523.85

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023

25 OTHER FINANCIAL LIABILITIES

Investor education and protection fund shall be credited by the following amounts (as and when due)

- Unclaimed dividend	10.60	9.45
- Unclaimed matured deposits and interest accrued thereon	146.96	134.20
- Unclaimed matured debentures and interest accrued thereon	7.37	12.92
- Unclaimed matured subordinated debts and interest accrued thereon	6.96	11.20
Temporary credit balance in bank accounts	142.91	56.99

25 OTHER FINANCIAL LIABILITIES (Contd.)

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Payable on account of assignment	232.85	177.22
Payable to dealers	23.11	36.02
Payable to employees	313.58	222.20
Retention money and other sundry liabilities	207.68	209.90
Lease Liability**	627.07	563.46
Other liabilities*	128.90	150.56
Total	1,847.99	1,584.12

*Other liabilities include amount payable to banks for credit card payments, settlement dues payable to resigned employees, security deposit received etc.

****Disclosures as required by Ind AS 116 'Leases' are stated below**

A) Lease liability movement

Particulars	(Rs. in crores)	
	Amount	
As at April 01, 2022	349.43	
Effects of business combination (Refer note 51)	191.76	
Restated as at April 01, 2022	541.19	
Add : Addition during the year	170.47	
: Interest on lease liability	47.29	
Less : Deletion during the year	182.65	
: Lease rental payments	12.84	
As at March 31, 2023	563.46	
Add : Addition during the year	241.20	
: Interest on lease liability	53.30	
Less : Deletion during the year	35.91	
: Lease rental payments	194.98	
As at March 31, 2024	627.07	

B) Maturity analysis of lease liability

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at, March 31, 2023
Less than 1 year	133.40	130.19
1 to 2 years	107.43	110.76
2 to 3 years	94.24	80.84
3 to 4 years	81.15	23.70
4 to 5 years	64.08	65.16
More than 5 years	146.77	152.81
Total	627.07	563.46

25 OTHER FINANCIAL LIABILITIES (Contd.)

C) The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

		(Rs. in crores)	
		As at March 31, 2024	As at March 31, 2023
Particulars			
Amounts recognised in the Statement of Profit and Loss			
Depreciation charge of right-of-use assets (included in depreciation, amortisation and impairment)		159.63	151.11
Interest expense (included in finance costs)		53.30	47.29
Expense relating to short-term leases (included in other expenses)		12.86	6.52
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)		4.39	3.71
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)		-	-
The Company had remeasured lease liability in respect of certain leases during the year and income on such remeasurement of leases as per Ind AS 116 is included in other income		6.88	0.66
Income from subleasing right-of-use assets (included in other income)		4.52	5.18
Gains or losses arising from sale and leaseback transactions		-	-
The total cash outflow for leases during the year		194.98	182.65

E) The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

F) The note provides information for leases where the Company is a lessor.

The Company had given office premises under lease. The income from lease recognised in the Statement of Profit and Loss is Rs. 0.13 crores (March 31, 2023: Rs. 0.17 crores). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. There were no non-cancellable operating lease agreements as on March 31, 2024.

		(Rs. in crores)	
		As at March 31, 2024	As at March 31, 2023
Particulars			
26 CURRENT TAX LIABILITIES (NET)			
For taxation [net of advance tax Rs. 5,673.54 crores (March 31, 2023: Rs. 5,512.85 crores)]		237.79	160.89
Total		237.79	160.89

		(Rs. in crores)	
		As at March 31, 2024	As at March 31, 2023
Particulars			
27 PROVISIONS			
For employee benefits			
- Gratuity (Refer note 45)		33.91	2.57
- Compensated absences (leave encashment and availment)		168.73	100.81
For others			
- Expected credit loss towards undrawn loan commitments		4.38	9.51
- Taxes - contested		89.19	98.59
Total		296.21	211.48

27 PROVISIONS (Contd.)

Loan Commitments

Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 54.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 54.02.02.07.

	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Particulars	Stage 1 Collective	Stage 1 Collective
Internal rating grade		
Performing		
High grade	108.24	283.98
Total	108.24	283.98

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

Gross exposure reconciliation

	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
	General approach	General approach
Particulars	Stage 1	Stage 1
Opening balance of outstanding exposure	283.98	92.43
Effects of business combination (Refer note 51)	-	64.02
Restated opening balance	283.98	156.45
New exposures	95.86	280.21
Exposures cancelled or disbursed (excluding write-offs)	(271.60)	(152.68)
Closing balance of outstanding exposure	108.24	283.98

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below: (Rs. in crores)

	Year ended March 31, 2024	Year ended March 31, 2023
	General approach	General approach
Particulars	Stage 1	Stage 1
ECL allowance - opening balance	9.51	6.70
Effects of business combination (Refer note 51)	-	2.25
Restated opening balance	9.51	8.95
New exposures	3.55	9.40
Exposures cancelled or disbursed (excluding write-offs)	(8.68)	(8.84)
ECL allowance - closing balance	4.38	9.51

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
28 OTHER NON-FINANCIAL LIABILITIES			
Statutory dues payable	247.87	162.39	
Advance from customers	19.43	37.36	
Total	267.30	199.75	

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
29 EQUITY SHARE CAPITAL			
Authorised:			
2,975,500,000 (March 31, 2023: 2,975,500,000) equity shares of Rs.10/- each	2,975.50	2,975.50	
129,000,000 (March 31, 2023: 129,000,000) preference shares of Rs.100/- each	1,290.00	1,290.00	
	4,265.50	4,265.50	
Issued share capital			
375,792,810 (March 31, 2023: 374,427,276) equity shares of Rs. 10/- each	375.79	374.43	
Subscribed share capital			
375,792,810 (March 31, 2023: 374,427,276) equity shares of Rs. 10/- each	375.79	374.43	
Paid up (fully paid up)			
Equity shares			
375,792,810 (March 31, 2023: 374,427,276) equity shares of Rs. 10/- each fully paid up	375.79	374.43	
Total Equity	375.79	374.43	

a. **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year**

Particulars	Number of shares	(Rs. in crores)
As at April 01, 2022	270,519,713	270.52
Cancellation of SCL shares @	(70,437,147)	(70.44)
Fresh issue to shareholders of SCL @	105,113,114	105.11
Fresh issue to shareholders of SCUF @	69,231,596	69.23
Restated as at April 01, 2022	374,427,276	374.43
Issued during the year	-	-
As at March 31, 2023	374,427,276	374.43
Shares issued on exercise of ESOP	1,365,534	1.37
As at March 31, 2024	375,792,810	375.79

@ Refer note 51 - Business Combination

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The final dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

The Company has allotted 1,365,534 equity shares of face value of Rs. 10/- each fully paid up at an exercise price of Rs. 193.55 per equity share (including premium of Rs.183.55 per equity share) under the Shriram Finance Limited Employee Stock Option Scheme 2023 (No.1) on various dates during the financial year ended March 31, 2024.

29 EQUITY SHARE CAPITAL (Contd.)

At the Board of Directors in their meeting held on April 26, 2024 has recommended a final dividend of Rs. 15/- per equity share of nominal face value of Rs. 10/- each fully paid up i.e. 150%, for the financial year 2023-24 subject to approval by Members in the ensuing 45th Annual General Meeting (45th AGM) of the Company. It is in addition to the interim dividend and second interim dividend of Rs. 20/- per equity share and Rs. 10/- per equity share of Rs. 10/- each fully paid-up (300%) for the financial year 2023-24 declared by the Company on October 26, 2023 and January 25, 2024 respectively. With this the total dividend for the financial year 2023-24 will be Rs. 45/- per share (i.e. 450%). Pursuant to Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the confirmation by the Stock Exchanges, the book closure period for the purpose of payment of the final dividend and 45th AGM will be from July 24, 2024 to July 30, 2024 (both days inclusive). The final dividend will be paid to eligible Members on or before August 28, 2024 subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders.

At the Board of Directors in their meeting held on January 25, 2024 declared second interim dividend of 100% i.e. Rs. 10/- per equity share of face value of Rs. 10/- each fully paid up for the financial year 2023-24 amounting to Rs. 3,756,523,400/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible members. The record date for payment of second interim dividend was February 06, 2024. The second interim dividend was paid to eligible members of the Company on February 17, 2024.

At the Board of Directors in their meeting held on October 26, 2023 had declared an interim dividend of 200% i.e. Rs. 20/- per equity share of face value Rs. 10/- each fully paid up for the financial year 2023-24 amounting to Rs. 7,508,945,440/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible members. The record date for payment of interim dividend was November 06, 2023. The interim dividend was paid to eligible members of the Company on November 20, 2023.

At the Board of Directors in their meeting held on April 27, 2023 had recommended a final dividend of Rs. 20/- per equity share of nominal face value of Rs. 10/- each fully paid up i.e. 200%, for the financial year 2022-23 subject to approval by shareholders in the ensuing 44th Annual General Meeting (44th AGM) of the Company. The Company paid the final dividend amounting to Rs. 7,496,735,680/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders on July 06, 2023. It was in addition to the interim dividend of Rs. 15/- per equity share of Rs. 10/- each fully paid-up i.e. 150% for the financial year 2022-23 declared by the Company on December 24, 2022, amounting to Rs. 5,616,409,140/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders. The interim dividend was paid to eligible shareholders on January 13, 2023. With this the total dividend for the financial year 2022-23 is Rs. 35/- per share i.e. 350%.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date were Nil (March 31, 2023: Nil). Refer note 51 - Business combination.

d. Details of shareholders holding more than 5% equity shares in the Company

Details of shareholding	As at March 31, 2024		As at March 31, 2023	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10/- each				
Shriram Capital Private Limited (formerly known as Shriram Financial Ventures (Chennai) Private Limited)	67,145,784	17.87%	67,145,784	17.93%
Piramal Enterprises Limited	-	-	31,221,449	8.34%
Government of Singapore	22,926,619	6.10%	-	-
Shriram Value Services Limited	20,771,461	5.53%	₹	₹

₹ holding less than 5% equity shares

29 EQUITY SHARE CAPITAL (Contd.)

- e. Refer note 52 - Capital management for the Company's objectives, policies and processes for managing capital.
f. Proposed dividends on equity shares

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Proposed dividend on equity shares for the year ended on March 31, 2024: Rs. 15/- per share (March 31, 2023: Rs. 20/- per share)	563.69	748.85
Total	563.69	748.85

g. Shareholding of Promoters

Promoter & Promoter Group	Relationship	Shares held at the end of the year		% Change during the year *
		No. of Shares	% of Total Shares	
As at March 31, 2024				
Shriram Capital Private Limited (formerly known as Shriram Financial Ventures (Chennai) Private Limited)	Promoter	67,145,784	17.87%	0.00%
Shriram Ownership Trust	Promoter	62,080	0.02%	-99.21%
Shriram Value Services Limited	Promoter group	20,771,461	5.53%	59.86%
Sanlam Life Insurance Limited	Promoter group	7,536,951	2.01%	0.00%
As at March 31, 2023				
Shriram Capital Private Limited (formerly known as Shriram Financial Ventures (Chennai) Private Limited)	Promoter	67,145,784	17.93%	0.00%
Shriram Ownership Trust	Promoter	7,840,080	2.09%	13677.25%
Shriram Value Services Limited	Promoter group	12,993,461	3.47%	1130.00%
Sanlam Life Insurance Limited	Promoter group	7,536,951	2.01%	0.00%

*percentage change is computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

h. Amount of per share dividend recognised as distribution to equity shareholders

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Second interim dividend for the year ended March 31, 2024 (Rs. per share)	10.00	-
First interim dividend for the year ended March 31, 2024 (Rs. per share)	20.00	-
Final dividend for the year ended March 31, 2023 (Rs. per share)	-	20.00
Interim dividend for the year ended March 31, 2023 (Rs. per share)	-	15.00

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
30 OTHER EQUITY		
Share application money pending allotment	-	-
Statutory reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening balance	7,610.66	4,707.98
Add: Transfer from retained earnings	1,438.10	1,195.87
Add/(Less) : Amalgamation adjustment account	(1,706.81)	1,706.81
Closing balance	7,341.95	7,610.66

		(Rs. in crores)	
		As at March 31, 2024	As at March 31, 2023
30	OTHER EQUITY (Contd.)		
	Securities premium		
	Opening balance	17,351.98	5,662.38
	Add: Premium on shares issued during the year	158.67	11,689.60
	Closing balance	17,510.65	17,351.98
	Capital reserve		
	Opening balance	104.57	27.64
	Effects of business combination (Refer note 51)	-	76.93
	Closing balance	104.57	104.57
	Capital redemption reserve	53.88	53.88
	Debenture redemption reserve		
	Opening Balance	419.13	307.28
	Add: Creation due to business combinations	-	55.07
	Add: Transfer from retained earnings	53.32	93.23
	Less: Transfer to retained earnings on account of redemption	(338.20)	(36.45)
	Closing balance	134.25	419.13
	General reserve		
	Opening balance	3,532.05	2,934.07
	Add: Transfer from retained earnings	719.05	597.94
	Add: Amount transferred from share option outstanding on account of forfeiture of share options	-	0.04
	Closing balance	4,251.10	3,532.05
	Share option outstanding		
	Opening balance	194.84	-
	Add: Expenses on Employee Stock Option Plan (Refer note 50)	9.17	164.56
	Less: Adjustment on exercise of Employee Stock Option Plan	(133.61)	(53.33)
	Add: Transfer to general reserve on account of forfeiture of share options	-	(0.04)
	Add: Effects of business combination (Refer note 51)	-	83.65
	Closing balance	70.40	194.84
	Amalgamation adjustment account		
	Opening balance	(1,706.81)	-
	Add/ (Less): Statutory reserve of transferor company	1,706.81	(1,706.81)
	Closing balance	-	(1,706.81)
	Other comprehensive income		
	Remeasurement gain/(loss) on defined benefit plan (net of tax)		
	Opening balance	(18.08)	(12.08)
	Add: Addition during the year	(58.44)	(6.00)
	Closing balance	(76.52)	(18.08)
	Gain/ (loss) on fair valuation of quoted investments in equity shares		
	Opening balance	(8.83)	-
	Add: Addition during the year	12.34	(8.83)
	Closing balance	3.51	(8.83)

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
30 OTHER EQUITY (Contd.)			
Effective portion of cash flow hedges			
Opening balance	(224.39)	(213.40)	
Add: Addition during the year	(42.00)	(10.99)	
Closing balance	(266.39)	(224.39)	
Retained earnings			
Opening balance	15,623.21	12,193.92	
Add: Profit for the year	7,190.48	5,979.34	
Add /(Less): Appropriations			
Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(1,438.10)	(1,195.87)	
Transfer to general reserve	(719.05)	(597.94)	
Effects of business combination (Refer note 51)	-	(83.65)	
Amount transferred from share option outstanding on account of forfeiture of share options	-	0.90	
Transferred (to)/from debenture redemption reserve	284.88	(111.85)	
Interim dividend [March 31, 2024: Rs. 30.00 per share (March 31, 2023: Rs. 15.00 per share)]	(1,126.55)	(561.64)	
Final dividend (March 31, 2023: Rs. 20.00 per share)	(749.67)	-	
Total appropriations	(3,748.49)	(2,550.05)	
Closing balance	19,065.20	15,623.21	
Total	48,192.60	42,932.21	

Nature and purpose of reserves

- Share application money pending allotment:** It is the amount received on the application for equity shares of the Company on which allotment is not yet made, to the extent not refundable.
- Securities premium:** It is the amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. It is the reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- Capital reserve:** Capital reserve is the excess of net assets taken over cost of consideration paid during amalgamation. (Refer note 51: Business combination)
- Capital redemption reserve:** It is the Company has recognised capital redemption reserve on redemption of non-convertible redeemable preference shares from its retained earnings. It is the amount in capital redemption reserve is equal to nominal amount of the non-convertible redeemable preference shares redeemed. It is the Company may issue fully paid up bonus shares to its members out of the capital redemption reserve.
- Debenture redemption reserve (DRR):**

- Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture redemption reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

30 OTHER EQUITY (Contd.)

- (2) As per the notification G.S.R. 574(E) dated August 16, 2019, the Ministry of Corporate Affairs has amended the Companies (Share Capital & Debentures) Rules, DRR need not be created for debentures issued by a Non-Banking Finance Company subsequent to the notification date. The Company has not created DRR on public issue of non-convertible debentures issued after the date of said notification.
 - (3) In respect of the debentures issued through public issue, the Company has created DRR of Rs. 53.32 crores (March 31, 2023: Rs. 93.23 crores). The Company subsequent to the year end has deposited a sum of Rs. 338.20 crores (March 31, 2023: Rs. 204.00 crores) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.
 - (4) On redemption of the debentures for which the DRR is created, the amounts no longer necessary to be retained in this account need to be transferred to the retained earnings.
- f) General reserve:** Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- g) Statutory reserve:** Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.
- The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in the Reserve Bank of India Act, 1934:
- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
 - (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:
- Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.
- (4) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:
- Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.
- h) Amalgamation adjustment account:** Upon amalgamation of the erstwhile Shriram City Union Finance ("SCUF") the transferor company, with Shriram Transport Finance Limited ("STFC") the transferee company, renamed as Shriram Finance Limited ("SFL"), the statutory reserves (i.e. Reserve under Section 45-IC of the Reserve Bank of India Act, 1934) of Rs. 1,706.81 crores of the Transferor Companies as on April 01, 2022 ("the Appointed Date") were recorded in the books of Shriram Finance Limited with a corresponding debit to Amalgamation Adjustment Account. When the identity of the statutory reserves is no longer required to be maintained, both the statutory reserves and the aforesaid account will be reversed (Refer note 51: Business combination). The Company had sought clarification vide its Letter dated February 21, 2023 in respect of accounting treatment for statutory reserve of SCUF in the books of SFL as

30 OTHER EQUITY (Contd.)

the creation and utilisation of Statutory Reserve is governed by RBI Act, 1934. Pending clarification from RBI, the Company had accounted Statutory Reserve as mentioned above for the financial year March 31, 2023. RBI vide its letter no. DoR. ACC. No. S5899/21.04.018 /2023-24 dated January 12, 2024, had advised the Company to comply with the Scheme approved by NCLT in respect of accounting treatment for Statutory Reserve. Accordingly, the Company has reversed the above mentioned accounting entry passed during the previous financial year.

- i) **Share option outstanding:** The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.
- j) **Remeasurement gain/(loss) on defined benefit plan:** Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.
- k) **Other comprehensive income:** Other comprehensive income includes Effective portion of cash flow hedges and Gain/(loss) on fair valuation of investments in quoted equity shares.

Effective portion of cash flow hedges represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to the statement of profit and loss only when the hedged transaction affects the statement of profit and loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

Gain/(loss) on fair valuation of investments in quoted equity shares represents gains and losses from the change in the fair value of investments in quoted equity instruments in accordance with paragraph 5.7.5 of Ind AS 109, Financial Instruments.

- l) **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, general reserve and dividend distributed to shareholders.

(Rs. in crores)

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total
31 INTEREST INCOME						
Interest on loans	32,502.25	-	32,502.25	27,504.20	-	27,504.20
Interest income from investments	528.35	25.44	553.79	412.17	81.91	494.08
Interest on deposits with banks						
- Margin money deposit	258.14	-	258.14	214.38	-	214.38
- Deposits with banks	158.02	-	158.02	315.08	-	315.08
Other interest income						
- Delayed payments by customers	122.36	-	122.36	74.84	-	74.84
- Unwinding of security deposit	5.10	-	5.10	4.78	-	4.78
Total	33,574.22	25.44	33,599.66	28,525.45	81.91	28,607.36

		(Rs. in crores)	
Particulars		Year ended March 31, 2024	Year ended March 31, 2023
32	FEES AND COMMISSION INCOME		
	Income from commission services - life insurance	124.93	41.49
	Income from commission services - general insurance	157.82	70.59
	Income from loan related and other commission services	174.63	130.53
	Total	457.38	242.61

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss.

		(Rs. in crores)	
Particulars		Year ended March 31, 2024	Year ended March 31, 2023
Type of services or service			
	Fees and commission income	457.38	242.61
	Total revenue from contract with customers	457.38	242.61
Geographical markets			
	- India	457.38	242.61
	- Outside India	-	-
	Total revenue from contract with customers	457.38	242.61
Timing of revenue recognition			
	Services transferred at a point in time	457.38	242.61
	Services transferred over time	-	-
	Total revenue from contracts with customers	457.38	242.61

Contract balance

		(Rs. in crores)	
Particulars		As at March 31, 2024	As at March 31, 2023
	Trade receivables	51.63	17.00
	Contract assets	-	-

As the Company does not have any contract assets or liability, hence disclosures related to it have not been presented.

		(Rs. in crores)	
Particulars		Year ended March 31, 2024	Year ended March 31, 2023
33	NET GAIN/ (LOSS) ON FAIR VALUE CHANGES		
	Net gain/ (loss) on financial instruments at fair value through profit or loss (A):		
	(i) On trading portfolio	-	-
	(ii) On financial instruments designated at fair value through profit or loss	-	-
	Others (B):		
	- Investment in shares, venture capital fund, mutual funds and certificate of deposits	144.76	373.62
	- Direct assignment	(49.11)	(33.55)
	Total Net gain/(loss) on fair value changes (C)	95.65	340.07
	Fair value changes:		
	- Realised	94.84	338.24
	- Unrealised	0.81	1.83
	Total Net gain/(loss) on fair value changes (D)	95.65	340.07

		(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
34 OTHER OPERATING INCOME			
Bad debt recovery	485.49	350.97	
Total	485.49	350.97	

		(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
35 OTHER INCOME			
Interest on income tax refund	8.22	14.66	
Interest others	0.12	0.16	
Profit on sale of property, plant and equipment	1.26	-	
Miscellaneous income	23.60	15.91	
Total	33.20	30.73	

		(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
36 FINANCE COSTS			
On financial liabilities measured at amortised cost			
Interest on deposits	3,334.57	2,347.08	
Interest on borrowings (other than debt securities)			
- Loans from banks	2,990.15	2,561.21	
- Loans from institutions and others	873.67	761.45	
- External commercial borrowings	1,047.41	582.95	
- Interest paid on securitisation	2,041.75	1,614.62	
Interest on debt securities			
- Debentures	2,616.47	2,646.22	
- Senior secured notes	17.75	75.32	
- External commercial bond	1,230.57	1,406.70	
- Commercial paper	119.43	-	
Interest on subordinated liabilities	481.05	502.86	
Other interest expense			
- Interest on tax liability	-	0.06	
- Interest on lease liability	53.30	47.29	
Total	14,806.12	12,545.76	

		(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
37 FEES AND COMMISSION EXPENSES			
Brokerage	12.92	30.01	
Commission paid for loan sourcing	328.57	230.25	
Professional charges on resource mobilisation	47.45	31.87	
Processing charges on loans	7.60	2.08	
Professional charges on securitisation	26.23	10.23	
Total	422.77	304.44	

		(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
38 IMPAIRMENT ON FINANCIAL INSTRUMENTS			
On financial instruments measured at amortised cost			
Loans*	4,484.74	4,128.79	
Investments	35.67	4.70	
<u>Others</u>			
- Undrawn commitments	(5.13)	(0.40)	
- Other assets	3.06	26.08	
Total	4,518.34	4,159.17	

*Includes loss on disposal of repossessed assets Rs. 228.25 crores for the year ended March 31, 2024 (March 31, 2023: Rs. 293.79 crores).

The table below shows the ECL charges on financial instruments for the period recorded in the statement of profit and loss based on evaluation stage:

Year ended March 31, 2024		(Rs. in crores)			
Particulars	General approach			Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective		
Loans and advances to customers measured at amortised cost	1,241.99	552.56	2,690.19	-	4,484.74
Debt instruments measured at amortised cost	35.67	-	-	-	35.67
<u>Others</u>					
- Undrawn commitments	(5.13)	-	-	-	(5.13)
- Other assets	-	-	-	3.06	3.06
Total impairment loss	1,272.53	552.56	2,690.19	3.06	4,518.34

Year ended March 31, 2023		(Rs. in crores)			
Particulars	General approach			Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective		
Loans and advances to customers measured at amortised cost	537.21	332.60	3,258.98	-	4,128.79
Debt instruments measured at amortised cost	4.70	-	-	-	4.70
<u>Others</u>					
- Undrawn commitments	(0.40)	-	-	-	(0.40)
- Other assets	-	-	-	26.08	26.08
Total impairment loss	541.51	332.60	3,258.98	26.08	4,159.17

		(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
39 EMPLOYEE BENEFITS EXPENSES			
Salaries, other allowance and bonus	2,942.11	2,150.57	
Contribution to provident and other funds	178.77	133.67	
Staff welfare expenses	69.88	43.87	
Gratuity expenses (Refer note 45)	15.66	13.44	
Share based payments to employees	9.17	164.56	
Total	3,215.59	2,506.11	

		(Rs. in crores)	
	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
40	DEPRECIATION, AMORTISATION AND IMPAIRMENT		
	Depreciation of property, plant and equipment	239.27	218.28
	Depreciation of investment property	0.04	0.05
	Amortisation of other intangible assets	329.52	305.85
	Total	568.83	524.18

		(Rs. in crores)	
	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
41	OTHER EXPENSES		
	Rent (Refer note 25)	12.86	6.52
	Rates and taxes	5.59	30.68
	Energy costs	37.58	30.69
	Repairs and maintenance	108.41	96.55
	Communication costs	90.20	78.50
	Printing and stationery	43.23	39.86
	Advertisement and publicity	49.79	33.24
	Director's fees, allowances and expenses	1.85	2.14
	Auditor fees and expenses (Refer note 56)		
	- As Auditor	1.75	1.55
	- For taxation matters	0.10	0.09
	- For other services (certification)	0.04	0.33
	- For reimbursement of expenses	0.09	0.25
	Legal and professional charges	182.02	198.67
	Other expenditure:		
	Travelling and conveyance	131.84	122.05
	Business promotion	277.44	186.83
	Outsourcing expenses	156.59	131.73
	Royalty	381.47	324.85
	Insurance	7.84	7.69
	Bank charges	65.30	55.52
	Loss on sale of property, plant and equipment (net)	-	1.00
	Service charges	24.38	43.15
	CSR expenses (Refer note 61)	90.88	93.74
	Miscellaneous expenses	113.07	92.71
	Total	1,782.32	1,578.34

42 INCOME TAX

The components of income tax expense for the financial year ended March 31, 2024 and March 31, 2023 are:

		(Rs. in crores)	
	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
	Current tax	3,382.74	2,875.01
	Adjustment in respect of current income tax of prior years	17.32	11.50

42 INCOME TAX (Contd.)

	(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Deferred tax relating to origination and reversal of temporary differences	(906.90)	(680.96)
Total tax charge	2,493.16	2,205.55
Current tax	3,400.06	2,886.51
Deferred tax	(906.90)	(680.96)

Reconciliation of the total tax charge:

ft e tax charge shown in the statement of proft and loss differs from the tax charge that would apply if all profts had been charged at Indian corporate tax rate. A reconciliation between the tax expense and the accounting proft multiplied by India's domestic tax rate for the fnancial year is given below:

	(Rs. in crores)	
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Accounting proft before tax	9,683.64	8,184.89
At India's statutory income tax rate of 25.168% (2023: 25.168%)	2,437.18	2,059.97
Adjustment in respect of current income tax of prior years	17.32	11.50
Income subject to tax at special rate	-	-
Income not subject to tax	-	-
Non-deductible expenses		
Corporate social responsibility expenditure not allowable for tax purpose	22.87	23.59
Adjustment in respect of prior years	(17.32)	(11.50)
Others	33.11	121.98
Income tax expense reported in the statement of proft and loss	2,493.16	2,205.55
Effective income tax rate	25.75%	26.95%

Deferred tax

ft e following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	(Rs. in crores)			
Particulars	Deferred tax assets	Deferred tax liabilities	Statement of proft and loss	OCI
	As at March 31, 2024	As at March 31, 2024	Year ended March 31, 2024	Year ended March 31, 2024
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	59.36	-	6.79	-
Provision for post retirement beneffts	52.80	-	(5.96)	(19.65)
Expenses allowable for tax purposes when paid	80.77	-	(31.45)	-
Cash flow hedge reserve	89.59	-	-	(14.12)
Impairment allowance on loans and advances	2,863.41	-	(997.32)	-
Impairment allowance for undrawn commitments	32.57	-	(7.75)	-
Fair valuation on derecognition of fnancial instrument	-	89.27	21.25	-
ESOP compensation expenses	17.92	-	31.32	-
Fair valuation impact of merger	37.35	239.93	47.71	-
Other temporary differences	8.68	29.23	28.51	4.15
Total	3,242.46	358.43	(906.90)	(29.62)

42 INCOME TAX (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

Particulars	Deferred tax assets	Deferred tax liabilities	Statement of profit and loss	OCI
	As at March 31, 2023	As at March 31, 2023	Year ended March 31, 2023	Year ended March 31, 2023
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	66.15	-	(2.99)	-
Provision for post retirement benefits	27.18	-	(8.84)	(2.02)
Expenses allowable for tax purposes when paid	49.33	-	(13.18)	-
EIR impact on debt instruments in the nature of borrowings measured at amortised cost	-	-	(4.41)	-
Cash flow hedge reserve	75.47	-	-	(3.69)
Impairment allowance on loans and advances	1,662.51	-	(812.82)	-
Impairment allowance for undrawn commitments	24.83	-	(9.25)	-
Fair valuation on derecognition of financial instrument	-	68.02	17.42	-
ESOP compensation expenses	49.24	-	(28.24)	-
Fair valuation impact of merger	70.98	225.85	187.65	-
Other temporary differences	16.26	4.15	(6.30)	(2.97)
Total	2,041.93	298.01	(680.96)	(8.68)

Reconciliation of deferred tax assets/(liabilities)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	1,743.92	869.38
Recognised pursuant to merger of erstwhile Shriram City Union Finance Limited	-	184.89
Recognised in statement of profit and loss/ Adjustments	1,110.49	680.96
Recognised in statement of profit and loss under OCI	29.62	8.68
Closing balance	2,884.03	1,743.92

Particulars	As at March 31, 2024	As at March 31, 2023
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-
Unused tax losses for which no deferred tax asset has been recognised	-	-

43 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit for the year attributable to equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

43 EARNINGS PER SHARE (Contd.)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net profit after tax as per Statement of profit and loss (Rs. in crores) (A)	7,190.48	5,979.34
Weighted average number of equity shares for calculating basic EPS (in crores) (B)	37.52	37.44
Weighted average number of equity shares for calculating diluted EPS (in crores) (C)	37.64	37.61
Basic earnings per equity share (in Rupees) (face value of Rs. 10/- per share) (A) / (B)	191.63	159.69
Diluted earnings per equity share (in Rupees) (face value of Rs. 10/- per share) (A) / (C)	191.02	158.99

44 INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company has invested in the following entities:

Name of the entity	Relationship	Country of incorporation	Principal place of business	Principal activities	% Equity interest	
					As at March 31, 2024	As at March 31, 2023
Shriram Housing Finance Limited (SHFL)	Subsidiary	India	Mumbai	Housing Finance	83.78%	84.82%
Shriram Automall India Limited (SAMIL)	Associate	India	New Delhi	Market leader in physical bidding for acquisition and disposal of pre-owned vehicles and equipment.	44.56%	44.56%

The Company has recognised its investment in subsidiary and associate at cost.

The Company's share in the associate is as follows:

Particulars	(Rs. in crores)	
	Year ended March 31, 2024*	Year ended March 31, 2023
(a) Share in profit or loss from continuing operations	7.78	8.56
(b) Share in post-tax profit or loss from discontinued operations	-	-
(c) Share in other comprehensive income	(0.06)	(0.26)
(d) Share in total comprehensive income	7.72	8.30

*The financial statements of the associate are as per unaudited financial statements provided by the management.

45 RETIREMENT BENEFIT PLAN

a) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of trustees.

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 148.38 crores (March 31, 2023: Rs. 112.05 crores)

45 RETIREMENT BENEFIT PLAN (Contd.)

for Provident Fund contributions and Rs. 29.92 crores (March 31, 2023: Rs. 20.35 crores) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary. The fund is managed by third party fund managers.

Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. It includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides contribution to be made by the Company based on the results of this annual review. The trust is in process of investing entire funds in government securities through third party fund managers and as on March 31, 2024, 85.53% funds are invested in government securities and balance 14.47% funds are invested in money market and corporate debt instruments. The Board of Trustees aim to keep annual contributions of the Company relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows:

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
Amounts recognised in statement of profit and loss in respect of defined benefit plans are as follows:		
Current service cost	15.47	13.88
Interest expense	12.28	9.87
Interest income	(12.09)	(10.31)
Past service cost	-	-
Components of defined benefit costs recognised in statement of profit and loss (A)	15.66	13.44
Remeasurement of gains/(losses) in other comprehensive income:		
Return on plan assets (excluding amounts included in net interest expense)	(0.42)	(0.94)
Actuarial changes arising from changes in demographic assumptions	0.92	(2.92)
Actuarial changes arising from changes in financial assumptions	61.10	(6.77)
Experience adjustments	16.49	18.65
Components of defined benefit costs recognised in other comprehensive income (B)	78.09	8.02
Total (A + B)	93.75	21.46

Movement in the present value of the defined benefit obligation are as follows:

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Change in the obligation during the year ended		
Present value of defined obligation at the beginning of the year	168.89	82.20

45 RETIREMENT BENEFIT PLAN (Contd.)

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Expenses recognised in statement of profit and loss:		
Current service cost	15.47	13.88
Interest expense/(income)	12.28	9.87
Recognised in other comprehensive income remeasurement gains/(losses)	78.51	8.96
Liability transferred in/ acquisitions	(3.03)	60.83
Benefits paid from the fund	(13.99)	(6.85)
Present value of defined obligation at the end of the year	258.13	168.89

Change in the fair value of plan assets:

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year	166.33	79.96
Interest income	12.09	10.31
Contributions by the employer	62.40	12.54
Assets transferred in acquisitions	(3.03)	69.43
Benefits paid from the fund	(13.99)	(6.85)
Return on plan assets excluding interest income	0.42	0.94
Fair value of plan assets at the end of the year	224.22	166.33

Calculation of benefit liability/ (asset):

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation/ liability	258.13	168.89
Fair value of plan assets	224.22	166.33
Benefit liability	33.91	2.56

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at March 31, 2024	As at March 31, 2023
Expected return on plan assets	7.21%	7.41%
Rate of discounting	7.21%	7.41%
Expected rate of salary increase	8.00%	5.00%
Rate of employee turnover	For service 4 years and below 23.00% p.a. and for service 5 years and above 6.00% p.a.	For service 4 years and below 26.00% p.a. and for service 5 years and above 6.00% p.a.
Mortality rate during employment	Indian Assured Lives mortality (2012-14) Urban	Indian Assured Lives mortality (2012-14) Urban
Mortality rate after employment	N.A.	N.A.

45 RETIREMENT BENEFIT PLAN (Contd.)

Investments quoted in active markets:

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Government securities	191.77	124.38
Debt and other instruments	32.45	41.95
Total	224.22	166.33

Assumptions	Sensitivity level	(Rs. in crores)	
		Impact on defined benefit obligation March 31, 2024	Impact on defined benefit obligation March 31, 2023
Discount rate	1% increase	(22.08)	(11.95)
	1% decrease	25.82	13.77
Future salary increases	1% increase	25.14	13.78
	1% decrease	(21.95)	(12.14)
Attrition rate	1% increase	(2.32)	2.49
	1% decrease	2.55	(2.82)

Expected payment for future years	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	21.73	19.70
Between 2 and 5 years	68.26	55.50
Between 5 and 10 years	98.06	68.11
Beyond 10 years	412.29	205.60
Total expected payments	600.34	348.91

The Company expects to contribute Rs. 62.19 crores to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at March 31, 2024 is 11 years (March 31, 2023: 9 years).

Asset liability matching strategies

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

c) Compensated Absences

The principal assumptions used in determining obligations for the Company are shown below:

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Rate of discounting	7.21%	7.41%
Expected rate of salary increase	8.00%	5.00%
Rate of employee turnover		
Service 4 years and below	23.00%	26.00%
Service 5 years and above	6.00%	6.00%
Mortality	Indian Assured Lives mortality (2012-14) Urban	Indian Assured Lives mortality (2012-14) Urban

45 RETIREMENT BENEFIT PLAN (Contd.)

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
Expenses recognised in statement of profit and loss	83.19	46.72

The Company has not funded its compensated absences liability and the same continues to remain as unfunded as at March 31, 2024.

The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the obligation.

46 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	(Rs. in crores)					
	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,013.37	-	6,013.37	9,505.30	-	9,505.30
Bank balance other than above	4,685.06	114.21	4,799.27	6,117.55	194.56	6,312.11
Derivative financial instruments	0.09	330.39	330.48	498.64	170.17	668.81
Receivables						
(I) Trade receivables	51.63	-	51.63	17.00	-	17.00
(II) Other receivables	162.11	170.85	332.96	148.99	111.13	260.12
Loans	90,194.86	117,734.55	207,929.41	72,241.31	99,743.27	171,984.58
Investments	1,378.97	9,277.67	10,656.64	1,420.60	7,144.46	8,565.06
Other financial assets	-	68.24	68.24	-	72.70	72.70
Non-financial assets						
Current tax asset	-	572.51	572.51	-	716.97	716.97
Deferred tax assets (net)	-	2,884.03	2,884.03	-	1,743.92	1,743.92
Investment property	-	0.98	0.98	-	2.62	2.62
Property, plant and equipment	-	845.77	845.77	-	699.70	699.70
Intangible assets under development	-	-	-	-	66.08	66.08
Goodwill	-	1,406.73	1,406.73	-	1,406.73	1,406.73
Other intangible assets	-	1,033.93	1,033.93	-	1,217.65	1,217.65
Other non-financial assets	188.59	161.47	350.06	72.83	351.68	424.51
Total assets	102,674.68	134,601.33	237,276.01	90,022.22	113,641.64	203,663.86
Liabilities						
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.02	-	0.02	-	-	-

46 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Contd.)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	Affer 12 months	Total	Within 12 months	Affer 12 months	Total
	(Rs. in crores)					
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	211.76	-	211.76	293.24	-	293.24
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	2.25	-	2.25	0.36	-	0.36
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3.16	-	3.16	1.09	-	1.09
Debt securities	11,358.45	33,590.16	44,948.61	19,009.08	24,643.51	43,652.59
Borrowings (other than debt securities)	36,734.78	55,414.02	92,148.80	31,719.07	41,870.95	73,590.02
Deposits	11,430.94	33,012.72	44,443.66	9,354.28	26,785.55	36,139.83
Subordinated liabilities	2,399.75	1,900.32	4,300.07	308.97	4,214.88	4,523.85
Other financial liabilities	1,258.75	589.24	1,847.99	1,027.55	556.57	1,584.12
Non-financial liabilities						
Current tax liabilities (net)	237.79	-	237.79	160.89	-	160.89
Provisions	127.48	168.73	296.21	211.48	-	211.48
Other non-financial liabilities	267.25	0.05	267.30	199.75	-	199.75
Total liabilities	64,032.38	124,675.24	188,707.62	62,285.76	98,071.46	160,357.22
Net	38,642.30	9,926.09	48,568.39	27,736.46	15,570.18	43,306.64

47 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	(Rs. in crores)					
	As at March 31, 2023	Cash flows	Changes in fair value	Exchange difference	Other	As at March 31, 2024
Debt securities	43,652.59	2,075.04	-	-	(779.02)	44,948.61
Borrowings (other than debt securities)	73,590.02	18,931.77	-	-	(372.99)	92,148.80
Deposits	36,139.83	8,379.85	-	-	(76.02)	44,443.66
Subordinated liabilities	4,523.85	(223.78)	-	-	(0.00)	4,300.07
Lease liability	563.46	(194.98)	-	-	258.59	627.07
Total liabilities from financing activities	158,469.75	28,967.91	-	-	(969.45)	186,468.21

Particulars	(Rs. in crores)					
	As at March 31, 2022	Cash flows	Changes in fair value	Exchange difference	Other	As at March 31, 2023
Debt securities	41,256.55	2,237.81	-	-	158.23	43,652.59
Borrowings (other than debt securities)	46,676.93	26,688.78	-	-	224.31	73,590.02
Deposits	21,948.98	14,153.14	-	-	37.71	36,139.83
Subordinated liabilities	4,614.25	(138.30)	-	-	47.90	4,523.85
Lease liability	349.43	(182.65)	-	-	396.68	563.46
Total liabilities from financing activities	114,846.14	42,758.78	-	-	864.83	158,469.75

48 CONTINGENT LIABILITIES AND COMMITMENTS

(A) Contingent liabilities

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Claims against the Company not acknowledged as debts		
a. In respect of Income tax demands where the Company has filed appeal before various authorities	56.22	55.87
b. VAT demand where the Company has filed appeal before various appellates	0.02	4.92
c. Service tax demands where the Company has filed appeal before various authorities	2,056.61	2,056.61
d. GST demand where the Company has filed appeals	7.20	-
e. Stamp duty demand raised by District Registrar of fce against which the Company has filed appeal	6.69	-
f. Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	-	5.00
Total	2,126.74	2,122.40

Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings. fte Company does not expect any reimbursement in respect of the above contingent liabilities. fte Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. fte management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	44.39	101.36
b. Commitments related to loans sanctioned but undrawn	108.24	283.98

49 RELATED PARTY TRANSACTIONS

Related Parties as at March 31, 2024

Relationship	Name of the party
I. Promoter	: Shriram Capital Private Limited (w.e.f. November 24, 2022) Shriram Capital Limited (upto November 23, 2022)
II. Promoter Group	: Shriram Value Services Limited Novac Technology Solutions Private Limited Shriram Fortune Solutions Limited Shriram General Insurance Company Limited Shriram Life Insurance Company Limited Shriram Insight Share Brokers Limited Shriram Asset Management Company Limited Shriram Financial Products Solutions (Chennai) Private Limited (upto March 31, 2023)

49 RELATED PARTY TRANSACTIONS (Contd.)

II. Promoter Group	: Insight Commodities and Futures Private Limited (upto May 18, 2022) Shriram Credit Company Limited Shriram Overseas Investments Private Limited Shriram Wealth Limited Bharath Investments Pte. Limited, Singapore SGI Philippines General Insurance Co. Inc. Novac Digital Service Private Limited Shriram LI Holdings Private Limited Shriram GI Holdings Private Limited SEA funds Management India Private Limited Way2wealth Insurance Brokers Private Limited Way2wealth Securities Private Limited (upto March 31, 2023) Way2wealth Brokers Private Limited Way2wealth Commodities Private Limited Shriram Investment Holdings Limited (upto September 05, 2023) Shriram Investment Holdings Private Limited (w.e.f. September 06, 2023) Shriram Asset Reconstruction Private Limited (w.e.f. December 01, 2022) Novac Technology FZCO (w.e.f. February 08, 2023) Novac GT Technology LLC (Dubai) (w.e.f October 18, 2023)
III. Subsidiary	: Shriram Housing Finance Limited (w.e.f. April 01, 2022)
IV. Associates	: Shriram Automall India Limited Cartradeexchange Solutions Private Limited Adroit Inspection Service Private Limited Augeo Asset Management Private Limited
V. Key Management Personnel (KMP)	: Mr. Umesh Revankar, Executive Vice Chairman (w.e.f. December 05, 2022) Mr. Umesh Revankar, Vice Chairman & Managing Director (upto December 04, 2022) Mr. Y. S. Chakravarti, Managing Director & CEO (w.e.f. December 05, 2022) Mr. Y. S. Chakravarti, Director (upto December 04, 2022) Mr. Jugal Kishore Mohapatra, Chairman (w.e.f. December 04, 2022) Mr. Parag Sharma, Whole Time Director, Joint Managing Director & CFO Mr. S. Sridhar, Independent Director Mr. Pradeep Kumar Panja, Independent Director Mrs. Maya Sinha, Independent Director (w.e.f. December 04, 2022) Mr. S. Ravindran, Non-Executive Independent Director (w.e.f. August 31, 2023) Mr. D. V. Ravi, Director Mr. Ignatius Michael Viljoen, Director Mr. S. Sunder, Joint Managing Director Mr. R. Chandrasekar, Joint Managing Director & Chief Compliance Officer (w.e.f. December 04, 2022) Mr. U. Balasundararao, Company Secretary & Compliance officer Mr. Hardeep Singh Tur, Chief Risk Officer Mr. Srinivas K., Joint Managing Director (w.e.f. December 04, 2022 and upto January 25, 2024) Mr. G. M. Jilani, Joint Managing Director (w.e.f. December 04, 2022 and upto January 25, 2024)

49 RELATED PARTY TRANSACTIONS (Contd.)

- V. Key Management Personnel (KMP) : Mr. P. Sridharan, Joint Managing Director (upto January 25, 2024)
Mr. Sudarshan Holla, Joint Managing Director (upto January 25, 2024)
Mr. Nilesh Odedara, Joint Managing Director (upto January 25, 2024)
Mr. Aseem Gandhi, Executive Director (w.e.f. December 04, 2022 and upto July 27, 2023)
Mr. S. Lakshminarayanan (upto December 04, 2022)
Mrs. Kishori Udeshi (upto December 04, 2022)
- VI. Close members of Key Management Personnel (with whom the company has transactions) : Mrs. Suchita U. Revankar (Spouse of Mr. Umesh Revankar)
Mrs. Geeta G. Revankar (Mother of Mr. Umesh Revankar)
Mr. Anil G. Revankar (Brother of Mr. Umesh Revankar)
Mr. Shreyas U. Revankar (Son of Mr. Umesh Revankar)
Mr. Shrishgovind U. Revankar (Son of Mr. Umesh Revankar)
Mrs. Yalamati Sujatha (Spouse of Mr. Y. S. Chakravarti)
Mr. Sree Bhargav Y. (Son of Mr. Y. S. Chakravarti)
Mrs. Rama Sharma (Mother of Mr. Parag Sharma)
Ms. Atibhi Sharma (Daughter of Mr. Parag Sharma)
Mr. Amit Sharma (Brother of Mr. Parag Sharma)
Mrs. P. Suchitra (Sister of Mr. Pradeep Kumar Panja)
Mrs. P. Surekha (Sister of Mr. Pradeep Kumar Panja)
Mrs. Sujatha Sunder (Spouse of Mr. S. Sunder)
Mrs. Barathy Chandrasekar (Spouse of Mr. R. Chandrasekar) (w.e.f. December 04, 2022)
Mrs. Deepika Karthik (Daughter of Mr. R. Chandrasekar) (w.e.f. December 04, 2022)
Mr. Karthik (Husband of Daughter of Mr. R. Chandrasekar) (w.e.f. December 04, 2022)
Mrs. Uma Swaminathan (Mother of Mrs. Maya Sinha) (w.e.f. December 04, 2022)
Mrs. S. Arulmozhi (Spouse of Mr. P. Sridharan) (upto January 25, 2024)
Ms. S. Karunyalakshmi (Daughter of Mr. P. Sridharan) (upto January 25, 2024)
Mr. Jayendra Purshottamdas Udeshi (Spouse of Mrs. Kishori Udeshi) (upto December 04, 2022)
- VII. Employee's Benefit Plan : Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme
Shriram City Union Finance Limited Employees Group Gratuity Assurance Scheme (w.e.f. April 01, 2022)

49 RELATED PARTY TRANSACTIONS (Contd.)

Summary of Related Party Transactions

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rs. in crores)															
Payments/ Expenses																
Payment to key management personnel *	-	-	-	-	-	-	-	-	-	-	13.48	11.32	-	-	13.48	11.32
Royalty	-	-	349.98	298.03	-	-	-	-	-	-	-	-	-	-	349.98	298.03
Service charges	22.37	39.58	-	-	-	-	-	-	-	-	-	-	-	-	22.37	39.58
I.T. and BPO charges	-	-	1.35.21	121.85	-	-	-	-	-	-	-	-	-	-	135.21	121.85
Intangible assets under development	-	-	63.00	56.00	-	-	-	-	-	-	-	-	-	-	63.00	56.00
Rent	-	-	0.02	0.02	-	0.07	16.04	14.21	-	-	-	-	-	-	16.06	14.29
Payment for assignment	-	-	-	-	76.28	32.15	-	-	-	-	-	-	-	-	76.28	32.15
Business mobilisation expenses	-	-	-	-	-	-	0.17	0.04	-	-	-	-	-	-	0.17	0.04
Other administrative expenses	-	-	0.03	0.03	-	0.04	11.63	13.84	-	-	-	-	-	-	11.66	13.91
Insurance premium	-	-	26.92	23.54	-	-	-	-	-	-	-	-	-	-	26.92	23.54
Security deposit paid	-	-	0.01	0.45	-	-	-	-	-	-	-	-	-	-	0.01	0.45
Commission	-	-	31.46	100.51	-	-	1.00	0.32	-	-	-	-	-	-	32.46	100.83
Sales promotion	-	-	11.79	56.01	-	-	-	-	-	-	-	-	-	-	11.79	56.01
Direct Selling Agent commission	-	-	0.20	-	-	-	-	-	-	-	-	-	-	-	0.20	-
Debt Syndication Services	-	-	0.60	-	-	-	-	-	-	-	-	-	-	-	0.60	-
Revenue sharing paid	-	-	-	-	-	-	0.42	0.29	-	-	-	-	-	-	0.42	0.29
Valuation charges paid	-	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	0.00
Investment in mutual fund	-	-	43.00	31.50	-	-	-	-	-	-	-	-	-	-	43.00	31.50
Purchase of property, plant and equipment	-	-	-	0.37	-	-	-	-	-	-	-	-	-	-	-	0.37
Gratuity & leave encashment paid	-	-	0.02	-	0.21	0.15	-	-	-	-	-	-	-	-	0.23	0.15
Interest paid	-	-	106.16	75.81	-	-	7.44	2.44	-	-	0.05	0.04	0.12	0.08	113.77	78.38
Equity dividend	335.73	100.72	64.97	18.89	-	-	-	-	-	-	0.33	0.10	0.00	0.00	401.03	119.72
Subordinated debts matured	-	-	192.50	33.90	-	-	-	-	-	-	-	-	-	-	192.50	33.90
Non convertible debenture (secured) matured	-	-	52.15	32.11	-	-	8.19	1.10	-	-	-	0.10	-	0.07	60.34	33.39
Fixed deposit matured	-	-	22.54	4.07	-	-	22.00	8.00	-	-	0.25	0.04	0.98	0.45	45.77	12.55
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	-	-	59.89	16.48	-	-	-	-	59.89	16.48
Inter-corporate deposit repaid	-	-	-	-	-	-	-	48.28	-	-	-	-	-	-	-	48.28
Receipts/ Income																
Recovery of common sharing expenses	0.03	0.02	0.21	0.62	0.13	0.06	0.28	0.24	-	-	-	-	-	-	0.65	0.94
Commission received on disbursements	-	-	-	-	0.03	0.07	-	-	-	-	-	-	-	-	0.03	0.07
Reimbursement of expenses	-	-	-	0.04	-	-	-	-	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	-	0.12	-	-	-	-	-	-	-	-	-	0.16
Gratuity, leave encashment, bonus and leave travel allowances received	-	0.03	0.61	5.63	-	-	0.28	0.15	-	-	-	-	-	-	0.89	5.81
Sale of property, plant and equipment	-	-	-	0.02	-	0.01	0.00	-	-	-	-	-	-	-	0.00	0.03
Rent and electricity	-	0.10	-	0.10	0.05	0.40	3.73	4.21	-	-	-	-	-	-	3.78	4.81
Business auxiliary services	0.11	0.07	-	-	-	0.06	-	-	-	-	-	-	-	-	0.11	0.07
Collection fees income	-	-	-	-	0.22	0.04	-	-	-	-	-	-	-	-	0.22	0.06
Other income	-	-	0.00	0.00	0.04	-	-	-	-	-	-	-	-	-	0.04	0.00
Disbursement of new assignment	-	-	-	-	149.67	-	-	-	-	-	-	-	-	-	149.67	-
Insurance claim	-	-	0.32	0.54	-	-	-	-	-	-	-	-	-	-	0.32	0.54
Insurance premium received	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
Investment in mutual fund redeemed	-	-	45.19	25.10	-	-	-	-	-	-	-	-	-	-	45.19	25.10
Revenue sharing received	-	-	-	-	-	-	0.07	0.42	-	-	-	-	-	-	0.07	0.42
Commission received	-	-	246.99	92.39	-	-	-	-	-	-	-	-	-	-	246.99	92.39
Fixed deposit received	-	-	10.00	22.07	-	-	54.74	19.66	-	-	0.19	1.12	2.05	1.53	66.99	44.39
Inter-corporate deposit received	-	-	-	-	-	-	-	20.83	-	-	-	-	-	-	-	20.83
Balance outstanding at the year end	67.15	67.15	20.77	12.99	-	-	-	-	-	-	0.05	0.07	0.00	0.00	87.97	80.21
Equity share capital																

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Investment in equity shares	-	-	-	-	1,562.24	1,562.24	13.37	13.37	-	-	-	-	-	-	1,575.61	1,575.61
Commission and other receivables	-	-	38.28	29.97	0.02	0.24	-	-	-	-	-	-	-	-	38.30	30.21
Outstanding expenses	5.71	0.02	45.45	87.65	-	0.59	3.24	1.06	-	-	-	-	-	-	54.40	89.32
Investment in mutual fund	-	-	10.01	12.00	-	-	-	-	-	-	-	-	-	-	10.01	12.00
Fixed deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Public deposit	-	-	-	-	-	-	-	-	-	-	1.29	1.30	3.44	2.17	4.73	3.47
- Deposit from corporates	-	-	50.34	64.11	-	-	144.36	107.76	-	-	-	-	-	-	194.70	171.87
Subordinated debt	-	-	330.21	523.20	-	-	-	-	-	-	-	-	-	-	330.21	523.20
Non-convertible debenture (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Public issue	-	-	68.74	70.80	-	-	7.82	16.88	-	-	-	-	-	-	76.56	87.68
- Privately placed	-	-	511.02	370.13	-	-	-	-	-	-	-	-	-	-	511.02	370.13
Derivative transaction (Refer note 105)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Income/ expenses are presented excluding GST.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

It are were no guarantees given on behalf of related parties during the year.

*Some of the Key management personnel/ Senior management personnel are eligible for superannuation benefits of a trust formed by the promoter group and as the benefits are decided by the committee of the trust, the same neither come within the purview of the Company nor have any impact on the Statement Profit and Loss of the Company and hence are not included as part of remuneration.

ft e Company has not granted loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial years ended March 31, 2024 and March 31, 2023.

Breakup of Related Party Transactions

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Payments/ Expenses																
Employee benefits for key management personnel																
- Short term benefits	-	-	-	-	-	-	-	-	-	-	10.45	7.99	-	-	10.45	7.99
- Post employment benefits	-	-	-	-	-	-	-	-	-	-	1.73	1.78	-	-	1.73	1.78
Commission and sitting fee paid to directors																
- Mr. S. Lakshminarayanan	-	-	-	-	-	-	-	-	-	-	-	0.32	-	-	-	0.32
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	-	-	-	0.30	-	-	-	0.30
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.38	0.37	-	-	0.38	0.37
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.38	0.39	-	-	0.38	0.39
- Mrs. Maya Sinha	-	-	-	-	-	-	-	-	-	-	0.24	0.09	-	-	0.24	0.09
- Mr. S. Ravindran	-	-	-	-	-	-	-	-	-	-	0.11	-	-	-	0.11	-
- Mr. Jugal Kishore Mohapatra	-	-	-	-	-	-	-	-	-	-	0.19	0.07	-	-	0.19	0.07
Royalty																
- Shriram Value Services Limited	-	-	349.98	298.03	-	-	-	-	-	-	-	-	-	-	349.98	298.03
Service charges																
- Shriram Capital Limited	-	32.25	-	-	-	-	-	-	-	-	-	-	-	-	-	32.25
- Shriram Capital Private Limited	22.37	7.33	-	-	-	-	-	-	-	-	-	-	-	-	22.37	7.33
Voice call services																
- Novac Technology Solutions Private Limited	-	-	34.89	11.05	-	-	-	-	-	-	-	-	-	-	34.89	11.05
I.T. and BPO charges																
- Novac Technology Solutions Private Limited	-	-	100.32	110.80	-	-	-	-	-	-	-	-	-	-	100.32	110.80
Intangible assets under development																
- Novac Technology Solutions Private Limited	-	-	63.00	56.00	-	-	-	-	-	-	-	-	-	-	63.00	56.00

49 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Rent																
- Shriram Automall India Limited	-	-	-	-	-	-	16.04	14.21	-	-	-	-	-	-	16.04	14.21
- Shriram Housing Finance Limited	-	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	0.07
- Shriram Asset Management Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02
Payment for assignment																
- Shriram Housing Finance Limited	-	-	-	-	76.28	32.15	-	-	-	-	-	-	-	-	76.28	32.15
Business mobilisation expenses																
- Shriram Automall India Limited	-	-	-	-	-	-	0.17	0.04	-	-	-	-	-	-	0.17	0.04
Other administrative expenses																
- Shriram Housing Finance Limited	-	-	-	-	-	0.04	-	-	-	-	-	-	-	-	-	0.04
- Shriram Insight Share Brokers Limited	-	-	0.03	0.03	-	-	-	-	-	-	-	-	-	-	0.03	0.03
- Shriram Automall India Limited	-	-	-	-	-	-	11.63	13.84	-	-	-	-	-	-	11.63	13.84
Insurance premium																
- Shriram Life Insurance Company Limited	-	-	16.86	14.15	-	-	-	-	-	-	-	-	-	-	16.86	14.15
- Shriram General Insurance Company Limited	-	-	10.07	9.39	-	-	-	-	-	-	-	-	-	-	10.07	9.39
Security deposit paid																
- Shriram Life Insurance Company Limited	-	-	-	0.25	-	-	-	-	-	-	-	-	-	-	-	0.25
- Shriram Asset Management Company Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01	-
- Shriram General Insurance Company Limited	-	-	-	0.20	-	-	-	-	-	-	-	-	-	-	-	0.20
Commission																
- Shriram Fortune Solutions Limited	-	-	-	68.22	-	-	-	-	-	-	-	-	-	-	-	68.22
- Adroit Inspection Service Private Limited	-	-	-	-	-	-	1.00	0.32	-	-	-	-	-	-	1.00	0.32
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	-	21.38	-	-	-	-	-	-	-	-	-	-	-	21.38
- Shriram Insight Share Brokers Limited	-	-	8.80	8.92	-	-	-	-	-	-	-	-	-	-	8.80	8.92
- Shriram Wealth Limited	-	-	0.69	1.61	-	-	-	-	-	-	-	-	-	-	0.69	1.61
- Shriram Credit Company Limited	-	-	21.37	-	-	-	-	-	-	-	-	-	-	-	21.37	-
- Way2wealth Securities Private Limited	-	-	0.60	0.38	-	-	-	-	-	-	-	-	-	-	0.60	0.38
Sales promotion																
- Shriram Fortune Solutions Limited	-	-	-	40.80	-	-	-	-	-	-	-	-	-	-	-	40.80
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	-	12.75	-	-	-	-	-	-	-	-	-	-	-	12.75
- Shriram Insight Share Brokers Limited	-	-	2.21	2.03	-	-	-	-	-	-	-	-	-	-	2.21	2.03
- Shriram Wealth Limited	-	-	0.17	0.37	-	-	-	-	-	-	-	-	-	-	0.17	0.37
- Shriram Credit Company Limited	-	-	9.28	-	-	-	-	-	-	-	-	-	-	-	9.28	-
- Way2wealth Securities Private Limited	-	-	0.13	0.08	-	-	-	-	-	-	-	-	-	-	0.13	0.08
Direct Selling Agent commission																
- Way2wealth Brokers Private Limited	-	-	0.20	-	-	-	-	-	-	-	-	-	-	-	0.20	-
Debt Syndication Services																
- Shriram Credit Company Limited	-	-	0.60	-	-	-	-	-	-	-	-	-	-	-	0.60	-
Revenue sharing paid																
- Shriram Automall India Limited	-	-	-	-	-	-	0.42	0.29	-	-	-	-	-	-	0.42	0.29

49 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Interest on Inter-corporate deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.55
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.55
Valuation charges paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
Investment in mutual fund	-	-	43.00	-	-	-	-	-	-	-	-	-	-	-	43.00	31.50
- Shriram Asset Management Company Limited	-	-	43.00	-	-	-	-	-	-	-	-	-	-	-	43.00	31.50
Purchase of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Life Insurance Company Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07
- Shriram Fortune Solutions Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.30
Gratuity & leave encashment paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Housing Finance Limited	-	-	-	-	0.21	0.15	-	-	-	-	-	-	-	-	0.21	0.15
- Shriram Life Insurance Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02	-
Interest on fixed deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.01	0.00	-	-	0.01	-
- Mr. Hardeep Singh Tur	-	-	-	-	-	-	-	-	-	-	0.04	-	-	-	0.04	-
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	-	-	0.12	0.05	0.12	0.05
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	-	5.41	0.34	-	-	-	-	-	-	5.41	0.34
- Shriram Fortune Solutions Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
- Shriram Asset Management Company Limited	-	-	5.87	-	-	-	-	-	-	-	-	-	-	-	5.87	-
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	-	0.06	-	-	-	-	-	-	-	0.06
Interest on subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Life Insurance Company Limited	-	-	15.27	13.73	-	-	-	-	-	-	-	-	-	-	15.27	13.73
- Shriram General Insurance Company Limited	-	-	32.67	34.33	-	-	-	-	-	-	-	-	-	-	32.67	34.33
Interest on non-convertible debenture (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Life Insurance Company Limited	-	-	14.79	11.25	-	-	-	-	-	-	-	-	-	-	14.79	11.25
- Shriram General Insurance Company Limited	-	-	33.37	16.20	-	-	-	-	-	-	-	-	-	-	33.37	16.20
- Shriram Asset Management Company Limited	-	-	0.20	0.27	-	-	-	-	-	-	-	-	-	-	0.20	0.27
- Shriram Insight Share Brokers Limited	-	-	0.01	0.01	-	-	-	-	-	-	-	-	-	-	0.01	0.01
- Shriram Automall India Limited	-	-	-	-	-	-	2.03	1.49	-	-	-	-	-	-	2.03	1.49
- Shriram Value Services Limited	-	-	3.96	-	-	-	-	-	-	-	-	-	-	-	3.96	-
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.04	0.04	-	-	-	0.04
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03

49 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Equity dividend																
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00
- Key management personnel																
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.23	0.07	-	-	0.23	0.07
- Mr. S. Sunder	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. P. Sridharan	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	0.00
- Mr. Sudarshan Holla	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. U. Balasundarao	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	0.03	0.01	-	-	0.03	0.01
- Mr. D. V. Ravi	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. G. M. Jilani	-	-	-	-	-	-	-	-	-	-	0.06	0.02	-	-	0.06	0.02
- Shriram Capital Private Limited	335.73	100.72	-	-	-	-	-	-	-	-	-	-	-	-	335.73	100.72
- Shriram Value Services Limited	-	-	64.97	18.89	-	-	-	-	-	-	-	-	-	-	64.97	18.89
Subordinated debts matured																
- Shriram General Insurance Company Limited	-	-	165.80	27.90	-	-	-	-	-	-	-	-	-	-	165.80	27.90
- Shriram Life Insurance Company Limited	-	-	26.70	6.00	-	-	-	-	-	-	-	-	-	-	26.70	6.00
Non convertible debenture (secured) matured																
- Shriram Life Insurance Company Limited	-	-	-	31.90	-	-	-	-	-	-	-	-	-	-	-	31.90
- Shriram Insight Share Brokers Limited	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	0.06	-
- Shriram Asset Management Company Limited	-	-	2.09	0.21	-	-	-	-	-	-	-	-	-	-	2.09	0.21
- Shriram Automall India Limited	-	-	-	-	-	-	8.19	1.10	-	-	-	-	-	-	8.19	1.10
- Shriram Value Services Limited	-	-	50.00	-	-	-	-	-	-	-	-	-	-	-	50.00	-
- Key management personnel																
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	-	0.10	-	-	-	0.10
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	-	0.07
Fixed deposit matured																
- Key management personnel																
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.05	0.05	-	-	0.05	-
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.20	0.20	-	-	0.20	-
- Mr. Hardeep Singh Tur	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	0.03
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.98	0.45	0.98	0.45
- Shriram Automall India Limited	-	-	-	-	-	-	22.00	5.00	-	-	-	-	-	-	22.00	5.00
- Shriram Fortune Solutions Limited	-	-	-	4.07	-	-	-	-	-	-	-	-	-	-	-	4.07
- Shriram Asset Management Company Limited	-	-	22.54	-	-	-	-	-	-	-	-	-	-	-	22.54	-
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	-	3.00	-	-	-	-	-	-	-	3.00

49 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Particulars																
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	-	-	59.89	16.48	-	-	-	-	59.89	16.48
Inter corporate deposit repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	358.10	140.30	1,100.55	853.09	76.49	32.40	66.89	88.52	59.89	16.48	14.11	11.60	1.10	0.60	1,677.14	1,142.98
Receipts/ Income																
Recovery of common sharing expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	-	0.02	-	-	-	-	0.28	0.24	-	-	-	-	-	-	0.28	0.24
- Shriram Insight Share Brokers Limited	-	-	0.02	0.03	-	-	-	-	-	-	-	-	-	-	0.02	0.03
- Shriram Fortune Solutions Limited	-	-	0.03	0.50	-	-	-	-	-	-	-	-	-	-	0.03	0.50
- Shriram Credit Company Limited	-	-	0.12	0.09	-	-	-	-	-	-	-	-	-	-	0.12	0.09
- Shriram General Insurance Company Limited	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	0.03	-
- Shriram Capital Private Limited	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-
- Shriram Asset Management Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02	-
- Shriram Housing Finance Limited	-	-	-	-	0.13	0.06	-	-	-	-	-	-	-	-	0.13	0.06
Commission received on disbursements																
- Shriram Housing Finance Limited	-	-	-	-	0.03	0.07	-	-	-	-	-	-	-	-	0.03	0.07
Reimbursement of expenses																
- Shriram Fortune Solutions Limited	-	-	-	0.04	-	-	-	-	-	-	-	-	-	-	-	0.04
- Shriram Insight Share Brokers Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01
Dividend received																
- Shriram Housing Finance Limited	-	-	-	-	-	0.12	-	-	-	-	-	-	-	-	-	0.12
- Shriram Automall India Limited	-	-	-	-	-	-	-	5.35	-	-	-	-	-	-	-	5.35
Gratuity, leave encashment, bonus and leave travel allowances received																
- Shriram Automall India Limited	-	-	-	-	-	-	0.28	0.15	-	-	-	-	-	-	0.28	0.15
- Shriram Capital Limited	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03
- Shriram General Insurance Company Limited	-	-	-	0.55	-	-	-	-	-	-	-	-	-	-	-	0.55
- Shriram Life Insurance Company Limited	-	-	0.47	0.80	-	-	-	-	-	-	-	-	-	-	0.47	0.80
- Shriram Insight Share Brokers Limited	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	0.06	-
- Shriram Fortune Solutions Limited	-	-	-	4.25	-	-	-	-	-	-	-	-	-	-	-	4.25
- Novac Technology Solutions Private Limited	-	-	0.09	0.01	-	-	-	-	-	-	-	-	-	-	0.09	0.01
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	0.00
- Adroit Inspection Service Private Limited	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	0.00	-
- Shriram Value Services Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01
Sale of property, plant and equipment																
- Shriram Life Insurance Company Limited	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02
- Shriram Automall India Limited	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	0.00	-
- Shriram Housing Finance Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01

49 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		(Rs. in crores)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Total															
Rent and electricity																
- Shriram Fortune Solutions Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
- Shriram Insight Share Brokers Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Business auxiliary services																
- Shriram Housing Finance Limited	-	-	-	-	0.05	0.40	-	-	-	-	-	-	-	-	0.05	0.40
- Shriram Capital Limited	-	0.10	-	-	-	-	-	-	-	-	-	-	-	-	0.10	0.10
- Shriram Automall India Limited	-	-	-	-	-	-	3.73	4.21	-	-	-	-	-	-	3.73	4.21
Collection fees income																
- Shriram Capital Private Limited	0.11	0.07	-	-	-	-	-	-	-	-	-	-	-	-	0.11	0.07
- Shriram Housing Finance Limited	-	-	-	-	0.22	0.06	-	-	-	-	-	-	-	-	0.22	0.06
Other income																
- Shriram Asset Management Company Limited	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
- Shriram Housing Finance Limited	-	-	-	-	0.04	-	-	-	-	-	-	-	-	-	0.04	-
Disbursement of new assignment																
- Shriram Housing Finance Limited	-	-	-	-	149.67	-	-	-	-	-	-	-	-	-	149.67	-
Insurance claim																
- Shriram General Insurance Company Limited	-	-	0.32	-	-	-	-	-	-	-	-	-	-	-	0.32	0.54
Insurance premium received																
- Shriram Capital Limited	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
Investment in mutual fund redeemed																
- Shriram Asset Management Company Limited	-	-	45.19	25.10	-	-	-	-	-	-	-	-	-	-	45.19	25.10
Revenue sharing received																
- Shriram Automall India Limited	-	-	-	-	-	-	0.07	0.42	-	-	-	-	-	-	0.07	0.42
Commission received																
- Shriram General Insurance Company Limited	-	-	122.90	50.90	-	-	-	-	-	-	-	-	-	-	122.90	50.90
- Shriram Life Insurance Company Limited	-	-	124.09	41.49	-	-	-	-	-	-	-	-	-	-	124.09	41.49
Fixed deposit received																
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.13	0.10	-	-	0.13	0.10
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. Hardeep Singh Tur	-	-	-	-	-	-	-	-	-	-	0.06	0.00	-	-	0.06	0.00
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	1.02	1.02	-	-	1.02	1.02
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	2.05	1.53	2.05	1.53
- Shriram Asset Management Company Limited	-	-	10.00	20.00	-	-	-	-	-	-	-	-	-	-	10.00	20.00
- Shriram Fortune Solutions Limited	-	-	-	2.07	-	-	-	-	-	-	-	-	-	-	-	2.07
- Shriram Automall India Limited	-	-	-	-	-	-	46.74	11.16	-	-	-	-	-	-	46.74	11.16
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	8.00	8.50	-	-	-	-	-	-	8.00	8.50
Inter-corporate deposit received																
- Shriram Automall India Limited	-	-	-	-	-	-	-	20.83	-	-	-	-	-	-	-	20.83
TOTAL	0.14	0.23	303.34	146.52	150.14	0.71	59.10	50.86	-	-	0.19	1.12	2.05	1.53	514.94	200.98

Income /expenses are presented excluding GST.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.
 ft ere were no guarantees given on behalf of related parties during the year.
 *Some of the Key management personnel/ Senior management personnel are eligible for superannuation benefits of a trust formed by the promoter group and as the benefits are decided by the committee of the trust, the same neither come within the purview of the Company nor have any impact on the Statement Profit and Loss of the Company and hence are not included as part of remuneration.
 ft e Company has not granted loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial year ended March 31, 2024 and March 31, 2023.

49 RELATED PARTY TRANSACTIONS (Contd.)

Breakup of Related Party Transactions

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rs. in crores)															
Balance outstanding at the year end																
Equity share capital																
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00
- Key management personnel																
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.05	0.05	-	-	0.05	0.05
- Mr. S. Sunder	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. P. Sridharan	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00
- Mr. Sudarshan Holla	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00
- Mr. U. Balasundarao	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. D. V. Ravi	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. G. M. Jilani	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	0.02
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	0.01	0.01	-	-	0.01	0.01
- Shriram Capital Private Limited	67.15	67.15	-	-	-	-	-	-	-	-	-	-	-	-	67.15	67.15
- Shriram Value Services Limited	-	-	20.77	12.99	-	-	-	-	-	-	-	-	-	-	20.77	12.99
Investment in equity shares																
- Shriram Automall India Limited	-	-	-	-	-	-	13.37	13.37	-	-	-	-	-	-	13.37	13.37
- Shriram Housing Finance Limited	-	-	-	-	1,562.24	1,562.24	-	-	-	-	-	-	-	-	1,562.24	1,562.24
Commission and other receivables																
- Shriram General Insurance Company Limited	-	-	28.58	6.81	-	-	-	-	-	-	-	-	-	-	28.58	6.81
- Shriram Life Insurance Company Limited	-	-	9.69	7.03	-	-	-	-	-	-	-	-	-	-	9.69	7.03
- Shriram Fortune Solutions Limited	-	-	-	4.25	-	-	-	-	-	-	-	-	-	-	-	4.25
- Shriram Investment Holding Limited	-	-	-	11.87	-	-	-	-	-	-	-	-	-	-	-	11.87
- Shriram Asset Management Company Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01	-
- Shriram Housing Finance Limited	-	-	-	-	0.02	0.24	-	-	-	-	-	-	-	-	0.02	0.24
Outstanding expenses																
- Shriram Housing Finance Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Adroit Inspection Service Private Limited	-	-	-	-	-	0.59	0.07	-	-	-	-	-	-	-	0.59	-
- Shriram Capital Private Limited	5.71	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	-	3.16	1.06	-	-	-	-	-	-	5.71	0.02
- Shriram Value Services Limited	-	-	37.87	76.91	-	-	-	-	-	-	-	-	-	-	3.16	1.06
- Novac Technology Solutions Private Limited	-	-	4.03	7.75	-	-	-	-	-	-	-	-	-	-	37.87	76.91
- Shriram Fortune Solutions Limited	-	-	-	0.30	-	-	-	-	-	-	-	-	-	-	4.03	7.75
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	-	1.90	-	-	-	-	-	-	-	-	-	-	-	0.30
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.90

49 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Close members of key management personnel		Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rs. in crores)															
- Shriram Insight Share Brokers Limited	-	-	0.74	0.68	-	-	-	-	-	-	-	-	-	-	0.74	0.68
- Shriram Wealth Limited	-	-	0.09	0.04	-	-	-	-	-	-	-	-	-	-	0.09	0.04
- Shriram Credit Company Limited	-	-	2.45	-	-	-	-	-	-	-	-	-	-	-	2.45	-
- Way2wealth Securities Private Limited	-	-	0.26	0.07	-	-	-	-	-	-	-	-	-	-	0.26	0.07
Investment in mutual fund																
- Shriram Asset Management Company Limited	-	-	10.01	12.00	-	-	-	-	-	-	-	-	-	-	10.01	12.00
Fixed deposit																
- Key management personnel																
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.07	0.06	-	-	0.07	0.06
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.12	0.22	-	-	0.12	0.22
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	1.10	1.02	-	-	1.10	1.02
- Close members of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	3.44	2.17	3.44	2.17
- Shriram Asset Management Company Limited	-	-	50.34	64.11	-	-	-	-	-	-	-	-	-	-	50.34	64.11
- Shriram Automall India Limited	-	-	-	-	-	-	116.39	89.33	-	-	-	-	-	-	116.39	89.33
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	27.96	18.43	-	-	-	-	-	-	27.96	18.43
Non-convertible debenture (secured)																
- Shriram Life Insurance Company Limited	-	-	172.61	172.33	-	-	-	-	-	-	-	-	-	-	172.61	172.33
- Shriram General Insurance Company Limited	-	-	407.15	213.15	-	-	-	-	-	-	-	-	-	-	407.15	213.15
- Shriram Asset Management Company Limited	-	-	-	2.24	-	-	-	-	-	-	-	-	-	-	-	2.24
- Shriram Insight Share Brokers Limited	-	-	0.00	0.07	-	-	-	-	-	-	-	-	-	-	0.00	0.07
- Shriram Value Services Limited	-	-	-	53.14	-	-	-	-	-	-	-	-	-	-	-	53.14
- Shriram Automall India Limited	-	-	-	-	-	-	7.82	16.88	-	-	-	-	-	-	7.82	16.88
Subordinated debt																
- Shriram Life Insurance Company Limited	-	-	140.87	168.95	-	-	-	-	-	-	-	-	-	-	140.87	168.95
- Shriram General Insurance Company Limited	-	-	189.34	354.25	-	-	-	-	-	-	-	-	-	-	189.34	354.25
Derivative transaction (Refer note 105)																
- Shriram Housing Finance Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Income /expenses are presented excluding GST.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

There were no guarantees given on behalf of related parties during the year.

The Company has not granted loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial years ended March 31, 2024 and March 31, 2023.

49 RELATED PARTY TRANSACTIONS (Contd.)

Disclosure pursuant to Schedule V of Clause A.2 of Regulation 34 (3) and Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Disclosures relating Loans and Advances/ Investments

(Rs. in crores)

Sr. No.	Loans and Advances in the nature of Loans	Amount outstanding as at		Maximum amount outstanding during the year	
		March 31, 2024	March 31, 2023	March 2024	March 2023
A)	To Subsidiary				
	- Shriram Housing Finance Limited	-	-	-	-
B)	To Associate				
	- Shriram Automall India Limited	-	-	-	-

II. Shriram Finance Limited (SFL) holds 44.56% (March 31, 2023: 44.56%) of equity shares of Shriram Automall India Limited (Associate) and 83.78% (March 31, 2023: 84.82%) of Shriram Housing Finance Limited (Subsidiary). Disclosure relating to transactions with the Company is given above.

49 RELATED PARTY TRANSACTIONS (Contd.)

Disclosure on Related Party Transactions as per the Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended

Related Party	Parent (as per ownership or control)		Promoter		Promoter group		Subsidiary		Associates/ Joint Ventures		Key Management		Relatives of Key Management Personnel		Directors		Relatives of Directors		Others		Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2023	
	(Rs. in crores)																					
Maximum outstanding during the year																						
Borrowings	-	-	-	-	953.95	1,003.32	-	-	17.11	18.11	-	-	-	-	-	0.14	-	0.10	-	-	971.06	1,021.66
Deposits	-	-	-	-	65.43	64.45	-	-	144.35	132.80	1.10	1.03	0.30	0.12	0.30	1.61	3.41	2.58	-	214.89	202.55	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	10.01	25.09	1,562.24	1,562.24	13.37	13.37	-	-	-	-	-	-	-	-	-	1,585.62	1,600.70	-
Balance outstanding at the year end																						
Borrowings	-	-	-	-	909.97	964.12	-	-	7.82	16.88	-	-	-	-	-	-	-	-	-	-	917.79	981.00
Deposits	-	-	-	-	50.34	64.11	-	-	144.36	107.76	1.10	1.02	0.05	0.12	0.19	0.28	3.39	2.05	-	199.43	175.34	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	10.01	12.00	1,562.24	1,562.24	13.37	13.37	-	-	-	-	-	-	-	-	-	1,585.62	1,587.61	-
Purchase of property, plant and equipments	-	-	-	-	-	0.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.37	-
Sale of property, plant and equipments	-	-	-	-	-	0.02	-	0.01	0.00	-	-	-	-	-	-	-	-	-	-	0.00	0.03	-
Interest paid	-	-	-	-	106.16	75.81	-	-	7.44	2.44	-	-	0.02	0.01	0.05	0.04	0.10	0.07	-	113.77	78.37	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty paid	-	-	-	-	349.98	298.03	-	-	-	-	-	-	-	-	-	-	-	-	-	349.98	298.03	-
Equity dividend paid	-	-	335.73	100.72	64.97	18.89	-	-	-	-	0.10	0.04	0.00	0.00	0.23	0.07	0.00	0.00	-	401.03	119.72	-
Received towards preferential issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Received towards convertible warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

50 EMPLOYEE STOCK OPTION PLAN

The Company provides share-based payment schemes to its Employees.

Employee Stock Option Plan (2013)

50.01: About the plan

Pursuant to clause 3.35.11 of approved Composite Scheme of Arrangement and Amalgamation ("Scheme"), all the employees in service of Shriram City Union Finance Limited ("Transferor Company") have become employee of the Company with effect from appointed date of the scheme i.e April 01, 2022. The Transferor Company prior to the Scheme had framed and implemented the Shriram City Union Finance Limited Employee Stock Options Scheme 2013 ("SCUF ESOS 2013") under which Employee Stock Options were granted to certain of its eligible employees. Shriram Finance Limited Employee Stock Options Scheme 2023 ("SFL ESOS 2023") has been created in lieu of the SCUF ESOS 2013 to issue stock options to the eligible employee of the Transferor Company taking into account the share exchange ratio as provided in terms of clause 3.36.1 of the Scheme. The objective of SFL ESOS 2023 plan is that the eligible employees of the Transferor Company continue to enjoy the benefit of stock options upon becoming the employees of the Company and to restore the value of options post amalgamation in the manner provided in terms of Clause 3.35.17 of the Scheme. The SFL ESOS 2023 plan has been adopted on March 15, 2023 by the Board and Nomination and Remuneration Committee of the Company.

Details of the Options issued under SFL ESOS 2023 plan is as follows:

Particulars	Number of options
Options Outstanding under SFL ESOS 2023 as on April 01, 2023	2,126,875
Options allotted during the year	1,365,534
Options lapsed during the year	6,680
Options Outstanding under SFL ESOS 2023 as on March 31, 2024	754,661

The options shall vest in the hands of the Option holder after a minimum period of 12 months from the date of grant of option or such longer period as may be determined by the Committee subject to the condition that the Option grantee continues to be an employee of the Company and the performance or other conditions as may be determined by the Committee. The maximum period of vesting shall be 5 years from the date of grant.

The period during which the options granted by the Transferor Company under SCUF ESOS 2013 plan were held by the eligible employee shall be adjusted against the minimum vesting period. That is, the date of vesting under the SCUF ESOS 2013 plan shall be considered as the vesting date under SFL ESOS 2023 plan.

The exercise price shall be Rs.193.55 per Fresh Options under the SFL ESOS 2023.

The options vested shall be exercised within period of ten years from the vesting date. When exercisable, each option is convertible into one equity share. Any option granted shall be exercisable according to the terms and conditions as determined by the Scheme.

50.02: Fair value of the options granted

The Company has recorded employee stock-based compensation expense relating to the SFL ESOS 2023 options on the basis of fair value of SCUF ESOS 2013 options.

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

50 EMPLOYEE STOCK OPTION PLAN (Contd.)

Fair value and assumptions for the equity-settled grants under the SCUF ESOS 2013 plan is as under:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII	Grant VIII
Grant Date	August 11, 2020	November 02, 2020	January 29, 2021	July 29, 2021	October 27, 2021	January 28, 2022	April 29, 2022	July 27, 2022
No. of Options Granted	300,221	300,030	315,396	302,601	303,270	301,582	599,800	28,913.00
Vesting Date	August 11, 2020	November 02, 2021	January 29, 2022	July 29, 2022	October 27, 2022	January 28, 2023	April 29, 2023	July 27, 2023
Exercise Price (in Rs.)	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
Fair value of option (in Rs.)	399.20	560.18	756.39	1,539.79	1,985.23	1,517.66	1,440.68	1,686.59
Input Variables:								
Share price as on grant date (in Rs.)	661.80	822.75	1,018.70	1,814.10	2,257.45	1,787.90	1,708.60	1,949.95
Standard deviation (Volatility)	38.28%	44.52%	47.21%	27.52%	49.85%	53.76%	51.12%	49.47%
Risk-free rate	5.85%	5.88%	6.20%	4.48%	4.82%	5.03%	5.51%	6.46%
Time to maturity (in years)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Expected Dividend per annum (in Rs.)	20.00	25.00	30.00	-	-	-	-	-
Dividend yield	3.00%	3.00%	3.00%	-	-	-	-	-

Since the SFL ESOS 2023 is already recorded by applying fair value method, the disclosure required under para 48 of guidance note on "Accounting for Employees Share Based Payments" issued by ICAI for reconciling the impact on net profit and earnings per share is not required.

50.03: Rationale for the variables used

The variables used for calculating the fair values and their rationale are as follows:

a. Stock Price

The latest available closing market price on the National Stock Exchange (NSE) date on which options are granted under SCUF ESOS 2023 plan has been considered for the purpose of valuation.

b. Volatility

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility must be adequate to represent a consistent trend in the price movements. Accordingly, the annualised volatility has been computed based on the share price data of past one year, from the date of the valuation.

The fair value is very sensitive to this variable. Higher the volatility, higher is the fair value. The rationale being, the more volatile a stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, since the probability of gaining is lesser in the latter case.

c. Risk free interest rate

The risk-free interest rate being considered for the calculation is the interest rate applicable on Government securities - having 10 year maturity period.

d. Exercise price

Exercise price of the options granted is as per SCUF ESOS 2023 plan.

e. Time to maturity/ Expected life of options

Time to maturity/ expected life of options is the period from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

Considering the deep discount on the market price i.e. 55% to 70%, it is expected that the options will be exercised in 1 year from the vesting date. As such the average expected life of options is considered at 2 years.

50 EMPLOYEE STOCK OPTION PLAN (Contd.)

50.04: Effect of the employee share-based payment plans on the Statement of profit and loss and on its financial position

The Company has recorded employee stock-based compensation cost of Rs. 9.17 crores in the Statement of profit and loss for the financial year ended March 31, 2024 (March 31, 2023: Rs. 164.56 crores)

The share option outstanding in the balance sheet as at March 31, 2024 is Rs.70.40 crores (March 31, 2023: Rs. 194.84 crores).

51 BUSINESS COMBINATION DONE DURING THE PREVIOUS YEAR

The Board of Directors of the Company in its meeting held on December 13, 2021 had approved a Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram Capital Limited (SCL) (after de-merger of a few undertakings from the said Shriram Capital Limited) and Shriram City Union Finance Limited (SCUF) with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Reserve Bank of India vide its letter dated June 15, 2022 conveyed its No-Objection to the Scheme. As per the directions of the Hon'ble National Company Law Tribunal, Chennai Bench, ("NCLT") in the common order dated May 11, 2022, the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors was held on July 04, 2022 and the Scheme was approved by the requisite majority of the Equity shareholders, Secured Creditors and Unsecured Creditors in their respective meetings. The Company had obtained approvals/no objection to the Scheme from various statutory authorities, as applicable. The Hon'ble NCLT had sanctioned the Scheme, vide order dated November 09, 2022 to be read with Corrigendum order dated November 17, 2022 effective from appointed date of the Scheme being April 01, 2022. Pursuant to the scheme, Shri Lekha Business Consultancy Private Limited ("SBCPL") was amalgamated with SCL. The undertaking carrying on the business of financial services from SCL was demerged and transferred to Shriram Investment Holdings Limited ("SIHL"). The undertakings which were carrying on the businesses of Life Insurance and General Insurance were demerged from SCL and transferred to Shriram LI Holdings Private Limited ("SLIH"), and Shriram GI Holdings Private Limited ("SGIH") respectively. The remaining undertaking of SCL and its investments in STFC and SCUF were amalgamated with STFC.

Pursuant to the Scheme, the name of the Company was changed to Shriram Finance Limited upon receipt of necessary approval from the Registrar of Companies, Tamil Nadu, Chennai, Ministry of Corporate Affairs, with effect from November 30, 2022. Pursuant to the Scheme, new equity shares of face value of Rs. 10/- each fully paid-up have been issued and allotted to the eligible shareholders of SCL and SCUF on December 12, 2022 as per the share exchange ratio contained in the Scheme. As per Ind AS 103, the amalgamation has been accounted under "acquisition method". The difference between the purchase consideration and fair value has been accounted as goodwill/capital reserve on amalgamation, as applicable.

The Company has determined the useful life of the intangible asset in the nature of branch network acquired through the scheme of amalgamation as five years and started amortising the same over its useful life by making a suitable change in the accounting estimate. Impact for future periods will be Rs. 302.58 crores per annum over the balance three out of five years as on March 31, 2024. The figures for the current and previous reporting period include the effect of merger of transferor Companies SCUF and SCL as discussed above.

Summary of acquisitions done during the financial year ended March 31, 2023

(i) Shriram City Union Finance Limited ("SCUF")

The Hon'ble National Company Law Tribunal, Chennai Bench, ("NCLT") had approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram City Union Finance Limited (SCUF) with its entire undertaking with the Company, vide order dated November 09, 2022 to be read with Corrigendum order dated November 17, 2022 effective from Appointed date of the Scheme being April 01, 2022, for a share exchange ratio of 1.55:1. The percentage of voting equity interests acquired was 100%. This acquisition is highly beneficial to all the stakeholders, by bringing together the capabilities and the presence of the Company in the categories of transport finance, and retail finance, and in the process create a larger financial lending entity with both these businesses combined, and the resulting benefits of scale and synergies of operation. This acquisition further consolidates the leadership position of the Company in the Commercial Vehicle market. Following the acquisition, the amalgamated entity is able to launch retail finance products in new locations.

(a) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

(Rs. in crores)	
Particulars	Amounts
Assets	
Cash and cash equivalents	5,217.31
Bank balance other than above	1,395.47
Receivables	4.39

51 BUSINESS COMBINATION DONE DURING THE PREVIOUS YEAR (Contd.)

	(Rs. in crores)
Particulars	Amounts
Loans	30,589.43
Investments	2,733.66
Other financial assets	48.00
Current tax assets (net)	26.66
Deferred tax assets (net)	151.66
Property, plant and equipment (net)	64.15
Intangible assets (net)	1.89
Right-of-use assets	162.60
Other non-financial assets	135.38
Distribution network	1,512.90
Total assets	42,043.50
Liabilities	
Payables	(40.56)
Debt securities	(6,619.08)
Borrowings (other than debt securities)	(17,333.50)
Deposits	(7,274.04)
Other financial liabilities	(333.83)
Provisions	(26.60)
Other non-financial liabilities	(62.36)
Total liabilities	(31,689.97)
Net identifiable assets acquired	10,353.53

(b) Calculation of goodwill

It is the difference between the purchase consideration and amount attributable to identified intangible assets / assets and liabilities represents residual goodwill in the business. As a result of the merger, the Company receives customer information such as names, contact information, historical credit provided and repayment information, etc. of existing customers of SCUF and vice versa. It is information can further be divided into different customer profiles based on demography, zones, age groups, etc., which helps businesses target products/services according to their target audience that will be used by the merged entity to gain synergies from cross selling its products. Consequently, the Goodwill in the transaction subsumes the above synergy benefit, along with assembled workforce, future potential of the new branches that are planned to open, new customers, new geographies etc.

	(Rs. in crores)
Particulars	Amounts
Purchase consideration	11,793.51
Less: Net identifiable assets acquired	(10,353.53)
Less: Deferred tax liability on net identifiable assets acquired	(33.25)
Goodwill #	1,406.73

#Goodwill is not deductible for tax purpose

(c) Revenues and profits contributed to the company for the financial year ended March 31, 2023 are as follows:

	(Rs. in crores)
Particulars	Amounts
Revenue	7,949.32
Profit before tax	1,742.31

(d) Acquired Receivables

	(Rs. in crores)
Particulars	Amounts
Fair value of acquired trade receivables	4.39
Gross contractual amount for trade receivables	4.39
Contractual cash flows not expected to be collected	-

51 BUSINESS COMBINATION DONE DURING THE PREVIOUS YEAR (Contd.)

(e) Purchase consideration - cash outflow

(Rs. in crores)	
Particulars	Amounts
Net outflow of cash - investing activities	-

(f) Acquisition related costs:

Acquisition related costs of Rs. 26.53 crores have been recognised under miscellaneous expenses in the Statement of Profit and Loss.

(ii) Shriram Capital Limited ("SCL")

The Hon'ble National Company Law Tribunal, Chennai Bench, ("NCLT") had approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram Capital Limited (SCL) with its remaining undertaking with the Company, vide order dated November 09, 2022 to be read with Corrigendum order dated November 17, 2022, effective from Appointed date of the Scheme being April 01, 2022 for a share exchange ratio 1:0.97. The amalgamation will achieve the combination of the remaining line of business activities of SCL with the Company which is a listed entity engaged in the business of financial lending. It is will ensure that the companies forming part of the Shriram Group, which are focused on the business of lending are concentrated in a single large entity, which has the necessary means, presence and resources to achieve still larger scales in the business of lending, while reducing the presence of multiple entities across the Group, with an interest and presence in the same line of business.

(a) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

(Rs. in crores)	
Particulars	Amounts
Assets	
Property, plant and equipment (net)	0.01
Bank balance	0.10
Trade receivables	12.47
Total assets	12.58
Liabilities	
Trade payables	0.02
Total liabilities	0.02
Net identifiable assets acquired	12.56

(b) Amount recognised directly in other equity (Capital reserve):

(Rs. in crores)	
Particulars	Amounts
Purchase consideration	-
Less: Net identifiable assets acquired	12.56
Capital reserve	12.56

(c) The revenues and profits contributed to the company for the financial year ended March 31, 2023 are as follows:

(Rs. in crores)	
Particulars	Amounts
Revenue	-
Profit before tax	(0.58)

(d) Acquired Receivables

(Rs. in crores)	
Particulars	Amounts
Fair value of acquired trade receivables	12.45
Gross contractual amount for trade receivables	12.45
Contractual cash flows not expected to be collected	-

(e) Purchase Consideration - Cash Outflow

(Rs. in crores)	
Particulars	Amounts
Net outflow of cash - investing activities	-

52 CAPITAL MANAGEMENT

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times. Refer note 81 and 91 for the Company's Capital ratios.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board. The Company has complied with the Annexure II of Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.

53 FAIR VALUE MEASUREMENT

53.01: Valuation principle

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, as explained in material accounting policies of the year ended March 31, 2024.

53.02: Fair value hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2024				(Rs. in crores)
Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Derivative financial instruments</i>				
Forward contracts	-	(413.73)	-	(413.73)
Currency swaps	-	162.27	-	162.27
Interest rate swaps	-	286.78	-	286.78
Cross currency interest rate swaps	-	269.89	-	269.89
Interest rate caps	-	25.27	-	25.27
Total derivative financial instruments	-	330.48	-	330.48
<i>Financial assets held for trading</i>				
Mutual funds	300.38	-	-	300.38
Equity instruments	79.84	-	25.82	105.66
Venture capital fund	-	1.52	-	1.52
Total financial assets held for trading	380.22	1.52	25.82	407.56
Total assets measured at fair value on a recurring basis	380.22	332.00	25.82	738.04

53 FAIR VALUE MEASUREMENT (Contd.)

As at March 31, 2024 (Rs. in crores)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total assets measured at fair value	380.22	332.00	25.82	738.04

(Rs. in crores)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Total financial liabilities measured at fair value on a recurring basis	-	-	-	-
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	-	-	-	-

As at March 31, 2023 (Rs. in crores)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Derivative financial instruments</i>				
Forward contracts	-	(193.57)	-	(193.57)
Currency swaps	-	121.65	-	121.65
Interest rate swaps	-	116.65	-	116.65
Cross currency interest rate swaps	-	588.33	-	588.33
Interest rate caps	-	35.75	-	35.75
Total derivative financial instruments	-	668.81	-	668.81
<i>Financial assets held for trading</i>				
Mutual funds	512.31	-	-	512.31
Equity instruments	63.35	-	25.40	88.75
Venture capital fund	-	1.53	-	1.53
Total financial assets held for trading	575.66	1.53	25.40	602.59
Total assets measured at fair value on a recurring basis	575.66	670.34	25.40	1,271.40
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total assets measured at fair value	575.66	670.34	25.40	1,271.40

53 FAIR VALUE MEASUREMENT (Contd.)

	(Rs. in crores)			
	Level-1	Level-2	Level-3	Total
Liabilities measured at fair value on a recurring basis				
Total financial liabilities measured at fair value on a recurring basis	-	-	-	-
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	-	-	-	-

53.03: Valuation techniques

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

Investments in Mutual funds/ Equity instruments

Investment in units of mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. Quoted equity instruments on recognised stock exchanges are valued at Level 1 hierarchy being the unadjusted quoted price as the reporting date.

Derivative Financial Instruments

Foreign exchange contracts include foreign exchange forward and swap contracts, interest rate swaps and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies derivative financial instruments as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Certificate of deposits (CDs)

Certificate of deposits are short-term financial instruments issued by Banks. Financial Benchmark India Private Limited (FBIL) has developed the FBIL-CD, a new benchmark for the money market based on traded CDs reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform of the Clearing Corporation of India Ltd (CCIL). FBIL-CD is announced for seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months. For valuation, the Company uses FBIL-CD benchmark and based on that benchmark the Company interpolates and calculates CD prices corresponding to their residual maturities and such instruments are classified as Level 2.

53.04: Transfer between fair value hierarchy levels

During the year there were no transfers between Level 1 and Level 2. Similarly, there were no transfers from or transfer to Level 3.

53.05: Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value.

53 FAIR VALUE MEASUREMENT (Contd.)

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

Particulars	(Rs. in crores)	
	Equity instruments	
	As at March 31, 2024	As at March 31, 2023
Opening balance	25.40	23.89
On account of business combination	-	0.01
Purchase	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net interest income, net trading income and other income	-	-
Other comprehensive income	-	-
Unrealised gains and losses related to balances held at the end of the year	0.42	1.50
Closing balance	25.82	25.40

53.06: Impact of changes to key assumptions on fair value of Level 3 financial instruments measured at fair value

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 assets and liabilities. 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.

(Rs. in crores)				
Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 assets	Level 3 assets		
	As at March 31, 2024	As at March 31, 2023		
Equity instruments measured at FVTPL	25.82	25.40	Based on the discounted cashflow	Based on the discounted cashflow

53.07: Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The table below shows data in relation to Level 3 inputs that are already aggregated on the underlying product levels without assuming any potential diversification effect, but including potential off-sets from economic or accounting hedge relationships in place. The Company is of the opinion that, whilst there may be some diversification benefits, incorporating these would not be significant to the analysis.

53 FAIR VALUE MEASUREMENT (Contd.)

(Rs. in crores)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Favourable changes 5% increase	Unfavourable changes 5% decrease	Favourable changes 5% increase	Unfavourable changes 5% decrease
Equity instruments based on the discounted cashflow	27.11	24.53	26.67	24.13

53.08: Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. It is table does not include the fair values of non-financial assets and non-financial liabilities.

(Rs. in crores)

As at March 31, 2024	Carrying amount	Fair value			
		Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	6,013.37	3,045.59	2,972.69	-	6,018.28
Bank balance other than cash and cash equivalents	4,799.27	10.60	4,773.97	-	4,784.57
Trade receivables	51.63	-	-	51.63	51.63
Other receivables	332.96	-	-	332.96	332.96
Loans	207,929.41	-	-	204,622.80	204,622.80
Investments at amortised cost	8,673.47	6,381.63	-	2,257.32	8,638.95
Other investments	1,575.61	-	-	1,575.61	1,575.61
Other financial assets	68.24	-	-	52.68	52.68
Total financial assets	229,443.96	9,437.82	7,746.66	208,893.00	226,077.48
Financial liabilities:					
Trade payables	211.78	-	-	211.78	211.78
Other payables	5.41	-	-	5.41	5.41
Debt securities	44,948.61	-	41,351.90	-	41,351.90
Borrowings (other than debt securities)	92,148.80	-	91,555.56	-	91,555.56
Deposits	44,443.66	-	-	44,111.89	44,111.89
Subordinated liabilities	4,300.07	-	4,263.93	-	4,263.93
Other financial liabilities	1,847.99	-	-	1,847.99	1,847.99
Total financial liabilities	187,906.32	-	137,171.39	46,177.07	183,348.46
Offbalance sheet items					
Other commitments	108.24	-	-	108.24	108.24
Total offbalance sheet items	108.24	-	-	108.24	108.24

(Rs. in crores)

As at March 31, 2023	Carrying amount	Fair value			
		Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	9,505.30	4,581.25	4,937.42	-	9,518.67
Bank balance other than cash and cash equivalents	6,312.11	8.63	6,280.10	-	6,288.73
Trade receivables	17.00	-	-	17.00	17.00
Other receivables	260.12	-	-	260.12	260.12
Loans	171,984.58	-	-	171,368.77	171,368.77
Investments at amortised cost	6,386.86	5,077.41	-	1,187.68	6,265.09
Other investments	1,575.61	-	-	1,575.61	1,575.61
Other financial assets	72.70	-	-	63.86	63.86
Total financial assets	196,114.28	9,667.29	11,217.52	174,473.04	195,357.85
Financial liabilities:					
Trade payables	293.24	-	-	293.24	293.24
Other payables	1.45	-	-	1.45	1.45

53 FAIR VALUE MEASUREMENT (Contd.)

(Rs. in crores)

As at March 31, 2023	Carrying amount	Fair value			
		Level-1	Level-2	Level-3	Total
Debt securities	43,652.59	-	39,229.29	-	39,229.29
Borrowings (other than debt securities)	73,590.02	-	72,288.01	-	72,288.01
Deposits	36,139.83	-	-	35,308.09	35,308.09
Subordinated liabilities	4,523.85	-	4,542.12	-	4,542.12
Other financial liabilities	1,584.12	-	-	1,584.12	1,584.12
Total financial liabilities	159,785.10	-	116,059.42	37,186.90	153,246.32
Offbalance sheet items					
Other commitments	283.98	-	-	283.98	283.98
Total offbalance sheet items	283.98	-	-	283.98	283.98

Note:

the management assessed that cash and cash equivalents, trade receivables, trade payables, other receivables, other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

53.09: 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.

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, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: trade receivables, other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual yields.

Pass through certificates

These instruments include asset backed securities. The market for these securities is not active. Therefore, the Company uses a variety of valuation techniques to measure their fair values. 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 such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Instruments with no comparable instruments or valuation inputs are classified as Level 3.

Investment in associate at cost

As per Ind AS 28 Interest in associate are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

Investment in subsidiary

The Company has accounted for its investment in subsidiary at fair value at the time of acquisition due to business combination. The investment is subsequently measured at cost.

Investment in government securities at amortised cost

The fair values financial assets held-to-maturity investments 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.

53 FAIR VALUE MEASUREMENT (Contd.)

Issued debt and borrowings

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate from market-observable data such as secondary prices for its traded debt.

Deposits

The fair value of public deposits and deposit from corporates is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for deposits of similar tenure and scheme (cumulative/ non-cumulative). Inter-corporate deposits are estimated at their carrying amounts due to the short-term maturities of these deposits.

Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on the carrying amounts due to the short-term maturities of these positions.

The carrying value of financial instruments by categories is as follows:

(Rs. in crores)

As at March 31, 2024	Amortised cost	Derivative instruments in hedging relationship	At Fair value through OCI	At Fair value through profit or loss	Others (at cost)	Total
Financial assets:						
Cash and cash equivalents	6,013.37	-	-	-	-	6,013.37
Bank balance other than cash and cash equivalents	4,799.27	-	-	-	-	4,799.27
Derivative financial instruments	-	330.48	-	-	-	330.48
Receivables						
(I) Trade receivables	51.63	-	-	-	-	51.63
(II) Other receivables	332.96	-	-	-	-	332.96
Loans	207,929.41	-	-	-	-	207,929.41
Investments	8,673.47	-	79.84	327.72	1,575.61	10,656.64
Other financial assets	68.24	-	-	-	-	68.24
Total financial assets	227,868.35	330.48	79.84	327.72	1,575.61	230,182.00
Financial liabilities:						
Payables						
(I) Trade Payables	211.78	-	-	-	-	211.78
(II) Other Payables	5.41	-	-	-	-	5.41
Debt securities	44,948.61	-	-	-	-	44,948.61
Borrowings (other than debt securities)	92,148.80	-	-	-	-	92,148.80
Deposits	44,443.66	-	-	-	-	44,443.66
Subordinated liabilities	4,300.07	-	-	-	-	4,300.07
Other financial liabilities	1,847.99	-	-	-	-	1,847.99
Total financial liabilities	187,906.32	-	-	-	-	187,906.32

(Rs. in crores)

As at March 31, 2023	Amortised cost	Derivative instruments in hedging relationship	At Fair value through OCI	At Fair value through profit or loss	Others (at cost)	Total
Financial assets:						
Cash and cash equivalents	9,505.30	-	-	-	-	9,505.30
Bank balance other than cash and cash equivalents	6,312.11	-	-	-	-	6,312.11
Derivative financial instruments	-	668.81	-	-	-	668.81
Receivables						
(I) Trade receivables	17.00	-	-	-	-	17.00
(II) Other receivables	260.12	-	-	-	-	260.12
Loans	171,984.58	-	-	-	-	171,984.58
Investments	6,386.86	-	63.35	539.24	1,575.61	8,565.06

53 FAIR VALUE MEASUREMENT (Contd.)

						(Rs. in crores)
As at March 31, 2023	Amortised cost	Derivative instruments in hedging relationship	At Fair value through OCI	At Fair value through profit or loss	Others (at cost)	Total
Other financial assets	72.70	-	-	-	-	72.70
Total financial assets	194,538.67	668.81	63.35	539.24	1,575.61	197,385.68
Financial liabilities:						
Payables						
(I) Trade Payables	293.24	-	-	-	-	293.24
(II) Other Payables	1.45	-	-	-	-	1.45
Debt securities	43,652.59	-	-	-	-	43,652.59
Borrowings (other than debt securities)	73,590.02	-	-	-	-	73,590.02
Deposits	36,139.83	-	-	-	-	36,139.83
Subordinated liabilities	4,523.85	-	-	-	-	4,523.85
Other financial liabilities	1,584.12	-	-	-	-	1,584.12
Total financial liabilities	159,785.10	-	-	-	-	159,785.10

54 RISK MANAGEMENT

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

54.01: Introduction and risk profile

54.01.01: Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Company. The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels. The Chief Risk Officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk owners within each department will report to the Risk Committee.

The Risk owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks. The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's policy is that risk management processes throughout the Company are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

54.01.02: Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies associated with foreign currency transactions.

54.01.03: Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

54 RISK MANAGEMENT (Contd.)

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee and the head of each department.

The Risk Management Committee receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

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 the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

54.01.04: Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across all the states with a cap on maximum limit of exposure for a state and also for an individual/ group.

54.02: Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. 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.

The Company's internal credit rating grades on days past due(dpd) basis:

Internal rating grade	Internal rating description
Performing	
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 89 dpd
Non-performing	90 dpd and above

54.02.01: Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

54.02.02: Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of material accounting policies.

54 RISK MANAGEMENT (Contd.)

the Company's definition and assessment of default (Note 54.02.02.01).

- How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default (Notes 54.02.02.02 to 54.02.02.04)
- When the Company considers there has been a significant increase in credit risk of an exposure (Note 54.02.02.05).
- the Company's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 54.02.02.07).
- the details of the ECL calculations and categorisation of loans for stage 1, stage 2 and stage 3 assets (Note 6.1.(ix)).

54.02.02.01: Definition of default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. 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. Such events include:

- the borrower requesting emergency funding from the Company.
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
- A covenant breach not waived by the Company.
- the debtor (or any legal entity within the debtor's Company) filing for bankruptcy application/protection.
- All the facilities of a borrower are treated as stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.

54.02.02.02: PD estimation process

It 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 portfolio and its credit performance. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

54.02.02.03: Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For stage 2 and stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

In case of undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown.

54.02.02.04: Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

54 RISK MANAGEMENT (Contd.)

54.02.02.05: Significant increase in credit risk (SICR)

ft e Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. ft e Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Company may also consider that events explained in Note 54.02.02.01 are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Company of similar assets (as set out in Note 54.02.02.07), the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

54.02.02.06: Forward looking information

As explained in Note 6.1.(ix), the Company has incorporated forward looking information and macro-economic factors while calculating PD and LGD rate.

54.02.02.07: Grouping financial assets measured on a collective basis

As explained in Note 6.1.(ix), the Company calculates ECLs only on a collective basis.

ft e Company segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. Commercial Vehicles
2. Construction Equipments
3. Farm Equipments
4. MSME
5. Gold Loans
6. Personal Loans
7. Passenger Vehicles

54.02.03: Analysis of risk concentration

ft e maximum credit exposure to any individual client or counterparty as of March 31, 2024 was Rs. 63.10 crores (March 31, 2023: Rs. 61.78 crores).

Credit risk exposure analysis

(Rs. in crores)

Particulars	As at March 31, 2024			
	Stage 1 collective	Stage 2 collective	Stage 3 collective	Total
Credit risk exposure	194,579.83	15,006.68	12,081.15	221,667.66

54.03: Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. ft e Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. ft e Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position

54 RISK MANAGEMENT (Contd.)

is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short-term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

The Board of Directors also approves constitution of Asset Liability Committee (ALCO), Asset Liability Management Committee (ALCO) reviews or monitors Asset Liability Management (ALM) mismatch. ALCO conducts periodic reviews relating to the liquidity position and stress test assuming various what if scenarios. The ALCO is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company in line with the Company's budget and decided risk management objectives. The ALCO is a decision-making unit responsible for balance sheet planning from risk-return perspective including strategic management of interest rate and liquidity risks. The ALCO also evaluates the Borrowing Plan of subsequent quarters on the basis of previous borrowings of the company. The ALCO will be responsible for ensuring the adherence to the target set by the Board of Directors. The meetings of ALCO are held at quarterly intervals. The ALM Support Groups consisting of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the ALCO. ALCO support group meets every fortnight. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its ratification.

54 RISK MANAGEMENT (Contd.)

54.03.01: Analysis of financial assets and liabilities by remaining maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

Maturity pattern of assets and liabilities as on March 31, 2024:

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets							
Cash and cash equivalents	6,013.37	-	-	-	-	-	6,013.37
Bank balance other than above	2,082.69	991.60	1,610.77	14.43	99.78	-	4,799.27
Derivative financial instruments	0.09	-	-	307.79	-	22.60	330.48
Financial assets at fair value through profit and loss	300.38	-	-	-	-	27.34	327.72
Loans*	34,336.67	31,386.72	53,365.77	113,920.33	25,793.73	2,593.37	261,396.59
Financial investments at FVOCI	-	-	-	-	-	79.84	79.84
Financial investments at amortised cost	466.61	117.30	494.68	1,645.00	1,128.33	4,898.00	8,749.92
Trade receivables	51.63	-	-	-	-	-	51.63
Other receivables	52.36	50.30	59.45	131.12	24.76	14.97	332.96
Other financial assets	-	-	-	-	-	68.24	68.24
Total undiscounted financial assets	43,303.80	32,545.92	55,530.67	116,018.67	27,046.60	7,704.36	282,150.02
Financial liabilities							
Deposits*	2,763.26	3,691.30	7,065.55	25,392.78	14,336.53	-	53,249.42
Debt securities*	5,264.55	2,626.65	5,512.42	17,306.51	13,372.88	12,956.00	57,039.01
Borrowings (other than debt securities)*	14,900.26	9,833.91	18,062.25	49,885.30	11,197.69	961.15	104,840.57
Subordinated liabilities*	1,847.00	34.00	725.00	559.20	1,644.00	291.00	5,100.20
Trade payables	211.78	-	-	-	-	-	211.78
Other payables	5.41	-	-	-	-	-	5.41
Other financial liabilities	950.50	121.86	232.24	347.07	194.44	169.75	2,015.86
Total undiscounted financial liabilities	25,942.76	16,307.72	31,597.46	93,490.86	40,745.54	14,377.90	222,462.25
Net undiscounted financial assets/ (liabilities)	17,361.04	16,238.20	23,933.21	22,527.81	(13,698.94)	(6,673.54)	59,687.77
Cumulative net undiscounted financial assets/ (liabilities)	17,361.04	33,599.24	57,532.45	80,060.26	66,361.32	59,687.78	

* includes future interest

54 RISK MANAGEMENT (Contd.)

Maturity pattern of assets and liabilities as on March 31, 2023:

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(Rs. in crores)							
Financial assets							
Cash and cash equivalents	9,505.30	-	-	-	-	-	9,505.30
Bank balance other than above	3,374.44	841.04	1,902.06	98.97	95.60	-	6,312.11
Derivative financial instruments	-	490.73	7.91	104.49	65.68	-	668.81
Financial assets at fair value through profit and loss	512.31	-	-	-	-	26.93	539.24
Loans*	27,354.74	24,818.70	44,017.92	95,297.78	21,672.32	4,008.95	217,170.41
Financial investments at FVOCI	-	-	-	-	-	63.35	63.35
Financial investments at amortised cost	377.20	109.90	421.19	1,244.58	992.72	3,282.04	6,427.63
Trade receivables	17.00	-	-	-	-	-	17.00
Other receivables	49.42	37.83	61.74	102.07	9.01	0.05	260.12
Other financial assets	-	-	-	-	-	72.70	72.70
Total undiscounted financial assets	41,190.41	26,298.20	46,410.82	96,847.89	22,835.33	7,454.02	241,036.67
Financial liabilities							
Deposits*	2,252.10	2,671.47	5,513.94	21,117.21	9,750.56	-	41,305.28
Debt securities*	5,601.98	4,383.60	10,724.47	13,961.69	4,843.48	14,955.67	54,470.89
Borrowings (other than debt securities)*	11,578.09	10,926.52	13,937.53	36,903.84	8,715.73	1,311.05	83,372.76
Subordinated liabilities*	274.50	172.00	305.00	2,859.20	1,828.00	320.00	5,758.70
Trade payables	293.24	-	-	-	-	-	293.24
Other payables	1.45	-	-	-	-	-	1.45
Other financial liabilities	823.62	112.65	179.20	308.79	120.61	179.07	1,723.94
Total undiscounted financial liabilities	20,824.98	18,266.24	30,660.14	75,150.73	25,258.38	16,765.79	186,926.26
Net undiscounted financial assets/ (liabilities)	20,365.43	8,031.96	15,750.68	21,697.16	(2,423.05)	(9,311.77)	54,110.41
Cumulative net undiscounted financial assets/ (liabilities)	20,365.43	28,397.39	44,148.07	65,845.23	63,422.18	54,110.41	

* includes future interest

54 RISK MANAGEMENT (Contd.)

The table below shows the expiry by maturity of the Company's contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Particulars	(Rs. in crores)					
	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years
As at March 31, 2024						
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	56.22
VAT demand where the Company has filed appeal before various appellates	-	-	-	-	-	0.02
Service tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	2,056.61
GST demand where the Company has filed appeals	-	-	-	-	-	7.20
Stamp duty demand raised by District Registrar of ce against which the Company has filed appeal	-	-	-	-	-	6.69
Estimated amount of contracts remaining to be executed on capital account, net of advances	44.39	-	-	-	-	44.39
Commitments related to loans sanctioned but undrawn	108.24	-	-	-	-	108.24
Total commitments	152.63	-	-	-	2,126.74	2,279.37
As at March 31, 2023						
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	55.87
VAT demand where the Company has filed appeal before various appellates	-	-	-	-	-	4.92
Service tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	2,056.61
Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	-	-	-	-	-	5.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	101.36	-	-	-	-	101.36
Commitments related to loans sanctioned but undrawn	283.98	-	-	-	-	283.98
Total commitments	385.34	-	-	-	2,122.40	2,507.74

54 RISK MANAGEMENT (Contd.)

54.04: Market risk

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

Interest rate risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability is on fixed rate basis and hence not subject to interest rate risk. Some of the borrowings of the Company are linked to rate benchmarks such as Bank Marginal Cost of Funds based Lending Rate (MCLR) or Secured Overnight Financing Rate (SOFR) and Mumbai Inter-Bank Overnight Indexed Swap (MIOIS) and hence subject to interest rate risk. The Company hedges interest rate risks of foreign currency borrowings through derivative transactions. The sensitivity of the Company's floating rate borrowings to change in interest rate (assuming all other variables constant) is given below:

As at March 31, 2024		(Rs. in crores)	
Particulars	Carrying amount	Favourable change 1% increase	Unfavourable change 1% decrease
Debt instrument	883.39	85.20	(105.58)
Term loans	21,998.75	1,834.42	(2,284.12)
Total floating rate borrowings	22,882.14	1,919.62	(2,389.70)

As at March 31, 2023		(Rs. in crores)	
Particulars	Carrying amount	Favourable change 1% increase	Unfavourable change 1% decrease
Debt instrument	7,082.15	978.66	(440.23)
Term loans	32,966.72	3,080.87	(4,344.31)
Total floating rate borrowings	40,048.87	4,059.53	(4,784.54)

Fair value sensitivity analysis for fixed rate instruments

The Company's fixed rate instruments are carried at amortised cost and are not measured for interest rate risk, as neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

Inter-Bank Offered Rate (IBOR) reform

The U.S. Dollar LIBOR bank panel ended on June 30, 2023, and therefore the exposure with the Company was transitioned from LIBOR to SOFR. Currently there is no exposure to IBOR risk as at March 31, 2024.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency fluctuation risk for its foreign currency borrowing. The Company's borrowings in foreign currency are governed by RBI Master Direction External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 (as and when updated) which requires entities raising External Commercial Borrowings (ECB) for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure. The Company hedges its entire ECB and external commercial bond exposure as per Board approved hedging policy and resource mobilisation policy. The Company manages foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place. Refer note 21A - Redeemable Non-Convertible Debenture (NCD) Secured, note 21B - External commercial bond (ED) Secured, note 21D - Redeemable Non-Convertible Debenture (NCD) Unsecured, note 22A - Term loans from banks Secured (INR) and note 22C - External commercial borrowing, respectively for terms and conditions of external commercial bonds and external commercial borrowings.

54 RISK MANAGEMENT (Contd.)

Exposure to currency risk

ft e summary quantitative data about exposure to Currency risk (based on notional amounts) as reported:

(Amount in crores)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Contracts in EURO		Contracts in USD		Contracts in EURO		Contracts in USD	
	EURO	INR	USD	INR	EURO	INR	USD	INR
Total foreign currency exposure in respect of recognised assets and liabilities	1.48	1,331.02	57.16	48,443.52	0.67	533.08	49.14	39,507.18
Cross currency Interest rate swap / Forward exchange contracts	1.48	1,331.02	57.16	48,443.52	0.67	533.08	49.14	39,507.18
Net Exposure	-	-	-	-	-	-	-	-

Movement in Cash flow hedge reserve

(Rs. in crores)

Cash flow hedge reserve	As at March 31, 2024			As at March 31, 2023		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Balance at the beginning of the year	-	(224.39)	(224.39)	-	(213.40)	(213.40)
Add: Changes in the fair value during the year	-	(56.12)	(56.12)	-	(14.68)	(14.68)
Less: Income tax relating to items that will be reclassified to profit or loss	-	14.12	14.12	-	3.69	3.69
Balance at the end of the year	-	(266.39)	(266.39)	-	(224.39)	(224.39)

Nature and terms and conditions of outstanding derivative contracts

(Rs. in crores)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Rate of interest	Maturity date	Notional amounts	Fair value - assets	Rate of interest	Maturity date	Notional amounts	Fair value - assets
(i) Currency derivatives:								
Spots and forwards	-	June 17, 2024 to December 15, 2031	19,162.15	(413.73)	-	June 10, 2022 to December 15, 2031	16,864.26	(193.57)
Currency swaps	2.53% to 4.72%	July 18, 2025 to April 22, 2027	6,514.26	162.27	3.00% to 5.25%	March 13, 2024 to January 20, 2026	2,715.93	121.65
Cross currency interest rate swaps	-	-	-	-	3 months LIBOR + 1.95%	August 10, 2023	2,402.33	474.96
Cross currency interest rate swaps	6M EURIBOR + 1.15%	April 25, 2026	380.77	35.14	6 months EURIBOR + 1.15%	April 26, 2022 to April 25, 2026	533.08	74.01
Cross currency interest rate swaps	USD O/N SOFR + 2.93%	December 11, 2026	80.18	72.84	6 months LIBOR + 2.50%	June 13, 2022 to December 11, 2026	106.91	15.87

54 RISK MANAGEMENT (Contd.)

(Rs. in crores)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets
Cross currency interest rate swaps	USD O/N SOFR + 2.10%	December 03, 2024	187.35	166.29	SOFR + 2.10%	December 03, 2024	187.35	23.49
Cross currency interest rate swaps	USD O/N SOFR + 2.00 %	September 28, 2026	332.72	(4.38)	-	-	-	-
(ii) Interest rate derivatives:								
Interest rate swaps	4.08% to 6.91%	July 18, 2025 to December 15, 2031	11,512.97	176.55	4.08% to 5.10%	July 17, 2023 to December 15, 2031	12,927.24	103.18
Interest rate swaps	USD 3M CME SOFR + 2.00 %	January 20, 2026 to February 16, 2027	6,280.60	49.30	SOFR + 2.00%	January 20, 2026 to December 27, 2027	4,303.17	13.47
Interest rate swaps	USD 3M CME SOFR + 1.75%	March 23, 2027	2,076.00	(5.37)	-	-	-	-
Interest rate swaps	USD 6M CME SOFR + 2.00 %	December 27, 2027	736.54	6.74	-	-	-	-
Interest rate swaps	USD O/N SOFR + 2.10 %	May 24, 2027	833.00	(4.03)	-	-	-	-
Interest rate swaps	USD O/N SOFR + 2.25 %	September 29, 2027	1,233.00	70.78	-	-	-	-
Interest rate swaps	3M EURIBOR + 2.10 %	September 15, 2026	445.00	(4.99)	-	-	-	-
Interest rate swaps	INR 3M Tbill	June 30, 2026	200.00	(0.08)	-	-	-	-
Interest rate swaps	INR 3M Tbill + 2.10 %	June 12, 2025	200.00	0.09	-	-	-	-
Interest rate swaps	INR 12M Tbill + 1.86 %	April 29, 2026	1,150.00	(0.44)	-	-	-	-
Interest rate swaps	INR 3M OIS + 1.50 %	June 30, 2026	200.00	(1.77)	-	-	-	-

54 RISK MANAGEMENT (Contd.)

(Rs. in crores)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets
Interest rate caps	6M EURIBOR + 1.15%	April 25, 2026	-	22.93	6 months EURIBOR + 1.15%	April 26, 2022 to April 25, 2026	-	35.75
Interest rate caps	INR O/N OIS + 1.95 %	October 3, 2025	300.00	0.03	-	-	-	-
Interest rate caps	INR O/N OIS + 2.80 %	April 21, 2025	400.00	2.31	-	-	-	-
Total			52,224.54	330.48			40,040.27	668.81

Price risk

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In such cases, ineffectiveness may arise if:

- The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- Differences arise between the credit risk inherent within the hedged item and the hedging instrument.

There were no ineffectiveness recognised in the statement of profit and loss.

There were no other sources of ineffectiveness in these hedge relationships.

55 DISCLOSURE UNDER THE MSME ACT 2006, (AS PER THE INTIMATION RECEIVED FROM THE VENDOR)

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid / payable are furnished below:

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
The principal amount remaining unpaid to supplier as at the end of the year	2.27	0.36
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

56 DISCLOSURE REGARDING AUDITORS REMUNERATION DISCLOSED UNDER LEGAL AND PROFESSIONAL FEES

In addition to the auditors remuneration shown in note 41-Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with issue of senior secured notes of Rs. 0.33 crores (March 31, 2023: Rs. 0.60 crores) shown under Legal and professional fees in note 41-Other expenses.

57 DISCLOSURE ON LOAN AGAINST GOLD VIDE MASTER DIRECTION - RBI/DOR/2023-24/106 DOR.FIN. REC.NO. 45/03.10.119/2023-24 ON DISCLOSURE REQUIREMENTS UNDER SCALE BASED REGULATION FOR NBFCs DATED OCTOBER 19, 2023 AS AMENDED

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Total Asset under Management (on books)	221,667.66	183,338.42
Total Loan against Gold	6,299.80	4,478.39
Percentage of Gold Loan on Total Assets (on book)	2.84%	2.44%

58 SEGMENT REPORTING

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Operating segments.

i) Information about geographical areas

The Company operates within India. Therefore it neither generates any revenue from outside India nor have any non-current asset located outside India for the financial years ended March 31, 2024 and March 31, 2023.

ii) Information about major customers

No single external customer contributes 10% or more to the revenues of the Company for the financial year ended March 31, 2024 and March 31, 2023.

59 TRANSFER OF FINANCIAL ASSETS

59.01: Transferred financial assets that are not derecognised in their entirety

The following table provides 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.

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Securitisation		
Carrying amount of transferred assets measured at amortised cost (held as collateral)	27,932.36	22,226.46
Carrying amount of associated liabilities [Borrowings (other than debt securities)-measured at amortised cost]	29,138.16	22,106.09
Fair value of assets	27,628.47	22,089.53
Fair value of associated liabilities	28,832.41	21,891.26
Net position at fair value	(1,203.94)	198.27

59 TRANSFER OF FINANCIAL ASSETS (Contd.)

59.02: Transferred financial assets that are derecognised in their entirety

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's balance sheet. The table below summarises the carrying amount of the derecognised financial assets :

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
Direct assignment		
Carrying amount of transferred assets measured at amortised cost	3,592.03	2,665.25
Carrying amount of exposures retained by the Company at amortised cost	359.20	266.53

59.03: Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

60 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
Professional charges on resource mobilisation	114.38	106.28
Professional charges on securitisation	30.53	2.93
Total	144.91	109.21

61 DETAILS OF CSR EXPENSES

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
a) Gross amount required to be spent by the Company during the year	90.38	93.66
b) Amount spent during the year		
- On purposes other than construction/acquisition of any asset		
Paid in cash	90.88	93.74
Yet to be paid in cash	-	-
Total	90.88	93.74

There is no shortfall in the CSR amount required to be spent by the Company as per section 135(5) of the Act for the financial years ended March 31, 2024 and March 31, 2023.

CSR activities include Education, Preservation of Arts, Culture and Heritage, Preventive Healthcare, Scholarship Scheme, Training and Skill Development, Road Safety Awareness Program, Contribution towards - Primary, Secondary and Higher Education, Mathematical and Scientific Research, School Repairs and renovation and other activities which are specified under Schedule VII of Companies Act, 2013.

The Company has neither made any CSR contributions towards its related parties nor recorded any provision for CSR expenditure during the financial years ended March 31, 2024 and March 31, 2023.

62 SHORTFALL IN FUND RAISING BY ISSUANCE OF DEBT SECURITIES

As part of the Company's strategic approach to maintain funding diversity, it utilizes various financing sources including loans from banks and institutions, domestic capital markets, retail fixed deposits, offshore borrowings and securitisation. In the financial year ended March 31, 2024, the Company completed significant transactions including the largest offshore borrowings and the highest securitisation transactions, offering it diversity and new lender relationships. It also issued the highest USD bond than any private sector NBFC and executed the largest syndicated ECB loan transactions which provided significant liquidity and funding at competitive rates. The debt market remains shallow for non-AAA-rated entities, further constraining the Company's capital raising efforts. Market volatility in interest rates led executing continuous capital market transactions less predictable.

Despite raising significant funds from the domestic capital marketing in the financial year ended March 31, 2024, there was a shortfall according to the framework for fund raising by issuance of debt securities by large borrowings given in SEBI circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023. However, the Company remains committed to exploring all viable options for capital raising and will make necessary attempts to comply with SEBI's framework in the coming years.

63 MOVEMENT IN PROVISIONS

(Rs. in crores)				
Provision for taxes - contested	Opening balance	Additional provision	Utilisation/ reversal during the year	Closing balance
As at March 31, 2024	98.59	-	9.40	89.19
As at March 31, 2023	90.93	7.66	-	98.59

The above provisions relate to disputed tax demands in relation to VAT and Service Tax. Due to the very nature of such provisions and the litigations involved, it is not possible to estimate the timing/ uncertainties relating to their outflows.

64 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date.

65 FLOATING CHARGE ON INVESTMENT IN GOVERNMENT SECURITIES

In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities (face value) to the extent of Rs. 6,550.44 crores (March 31, 2023: Rs. 5,346.44 crores) in favour of trustees representing the public deposit holders of the Company.

66 DISCLOSURE ON RESOLUTION FRAMEWORK

The Company invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 06, 2020 and May 05, 2021. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board approved policy in this regard.

66 DISCLOSURE ON RESOLUTION FRAMEWORK (Contd.)

Disclosure on Resolution Framework 2.0 implemented in terms of RBI notification no. RBI/2020-21/16 DoR. NO.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31/DoR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021

Type of borrower	(Rs. in crores)				
	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the half-year September 30, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the half-year March 31, 2024
Personal loans #	406.07	10.07	1.07	109.89	285.04
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	406.07	10.07	1.07	109.89	285.04

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

pertains to automobile loans

67 CIRCUMSTANCES IN WHICH REVENUE RECOGNITION HAS BEEN POSTPONED

Refer note 6.2.(i). of material accounting policies Revenue from operations for the circumstances in which revenue recognition has been postponed pending uncertainty of realisation.

68 SALES OUT OF AMORTISED COST BUSINESS MODEL PORTFOLIOS

The Company's policy for sales out of amortised cost business model portfolios is given at note 6.1.(viii). of material accounting policies.

69 REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES (ROC)

All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2024 and March 31, 2023. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

70 COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2024 and March 31, 2023.

71 COMPLIANCE WITH APPROVED SCHEME(S) OF ARRANGEMENTS

The Board of Directors of the Company in its meeting held on December 13, 2021 had approved a Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram Capital Limited (after de-merger of few undertakings from the said Shriram Capital Limited) and Shriram City Union Finance Limited with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT") has approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"). The effect of such Scheme of Arrangements has been accounted for in the books of account of the Company in accordance with the Scheme and in accordance with accounting standards.

72 UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

The Company, as part of its normal business, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

72 UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM (Contd.)

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

73 UNDISCLOSED INCOME

There are no transactions that are not recorded in the books of accounts for the financial years ended March 31, 2024 and March 31, 2023.

74 ITEMS OF INCOME AND EXPENDITURE OF EXCEPTIONAL NATURE

There are no items of income and expenditure of exceptional nature for the financial years ended March 31, 2024 and March 31, 2023.

75 DISCLOSURE ON MODIFIED OPINION, IF ANY, EXPRESSED BY AUDITORS, ITS IMPACT ON VARIOUS FINANCIAL ITEMS AND VIEWS OF MANAGEMENT ON AUDIT QUALIFICATIONS

The auditors have expressed an unmodified opinion on the standalone financial statements of the Company for the financial years ended March 31, 2024 and March 31, 2023.

76 CORPORATE GOVERNANCE REPORT CONTAINING COMPOSITION AND CATEGORY OF DIRECTORS, SHAREHOLDING OF NON-EXECUTIVE DIRECTORS, ETC.

The corporate governance report containing composition and category of directors, shareholding of non-executive directors is part of the annual report for the financial years ended March 31, 2024 and March 31, 2023.

77 AUCTION DETAILS

The Company auctioned 3,894 loan accounts (March 31, 2023: 3,718) during the financial year and the outstanding dues on these loan accounts were Rs. 22.98 crores (March 31, 2023: Rs. 15.01 crores) till the respective dates of auction. The company realised Rs. 23.51 crores (March 31, 2023: Rs. 14.57 crores) on auctioning of gold jewellery taken as security on these loans. The company confirms that none of its sister concerns participated in the above auctions.

78 LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

Disclosure pursuant to Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.

Particulars	(Rs. in crores)	
	Aggregate amount of such sanctioned loans and advances	
	Year ended March 31, 2024	Year ended March 31, 2023
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	-	-

79 PREVIOUS YEAR COMPARATIVES

The figures for the previous year have been regrouped/ rearranged wherever necessary to conform to the current year presentation. There are no significant regroupings/ reclassification for the year under report.

80 TITLE DEEDS OF IMMOVABLE PROPERTIES NOT HELD IN NAME OF THE COMPANY

Consequent to effect of scheme of amalgamation of SCUF with STFC and change in the name of the company from STFC to SFL, the Company is in process of applying for the name change in respect of its immovable properties.

81 ANALYTICAL RATIOS

Particulars	As at March 31, 2024			As at March 31, 2023	% Variance	Reasons for variance (if above 25%)
	Numerator (Rs. in crores)	Denominator (Rs. in crores)	Ratio	Ratio		
Capital to risk-weighted assets ratio (CRAR)	40,913.18	201,526.75	20.30%	22.61%	-10.22%	NA
Tier I CRAR	39,402.60	201,526.75	19.55%	21.20%	-7.78%	NA
Tier II CRAR	1,510.58	201,526.75	0.75%	1.41%	-46.81%	Reduction is due to increase in securitisation transaction related deduction and reduction in discounted value of subordinated debts.
Liquidity Coverage Ratio	5,282.98	2,701.60	195.55%	209.86%	-6.82%	NA

82 DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in crypto currency or virtual currency during the financial years ended March 31, 2024 and March 31, 2023.

83 DETAILS OF BENAMI PROPERTY HELD

No proceedings have been initiated during the year or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) as amended in 2016 and rules made thereunder; in the financial years ended March 31, 2024 and March 31, 2023.

84 WILFUL DEFAULTER

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2024 and March 31, 2023.

85 RELATIONSHIP WITH STRUCK OFF COMPANIES

Transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial years ended March 31, 2024 and March 31, 2023 are given below:

Name of the struck offcompany	(Rs. in crores)			Nature of transaction
	Relationship with the Struck off company	Balance outstanding as at		
		March 31, 2024*	March 31, 2023*	
Receivables (Loans outstanding)				
Swift Equipments Private Limited	Not Related Party	0.82	0.89	Receivables
Benze Vaccations Club Public Limited	Not Related Party	0.01	0.01	Receivables
Gocha Infrastructure Private Limited	Not Related Party	0.01	0.01	Receivables
Karainthi Private Limited	Not Related Party	0.47	0.47	Receivables
Saanwi Housing Private Limited	Not Related Party	0.05	0.06	Receivables
Seven Stones TM Private Limited	Not Related Party	-	0.08	Receivables

85 RELATIONSHIP WITH STRUCK OFF COMPANIES (Contd.)

Name of the struck off company	Relationship with the Struck off company	(Rs. in crores)		Nature of transaction
		Balance outstanding as at March 31, 2024*	March 31, 2023*	
Vekkaiamman Telecom Services Private limited	Not Related Party	-	0.06	Receivables
Janasaathi Media And Technologies Private Limited	Not Related Party	-	0.01	Receivables
MCDN Management Services Private Limited	Not Related Party	-	0.01	Receivables
Maltiton Equipments Private Limited	Not Related Party	-	0.01	Receivables
Steigen Crop Tech Private Limited	Not Related Party	-	0.44	Receivables
S. A. Industries Private Limited	Not Related Party	0.22	0.23	Receivables
ft ree G Online Services Private Limited	Not Related Party	-	0.03	Receivables
Shares held by struck off company**				
Nasik Capital and Financial Services Private Limited	Not Related Party	0.00	0.00	Equity Shares Held
Rasi Leasing Company Private Limited	Not Related Party	0.00	0.00	Equity Shares Held
Unickon Fincap Private Limited	Not Related Party	0.00	0.00	Equity Shares Held
Arunoday Holdings Private Limited #	Not Related Party	-	0.00	Equity Shares Held
Tangmarg Investment and Trading Private Limited #	Not Related Party	-	0.00	Equity Shares Held
G. V. Trading and Leasing Private Limited	Not Related Party	0.00	0.00	Equity Shares Held

*0.00 denotes amounts less than Rs. 1.00 lac.

**In the financial years ended March 31, 2024 and March 31, 2023, the Company did not have any transaction with above equity shareholders, being the companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956. Our Company has not allotted any Equity share to the said companies. ft e shareholding data is as per the record of beneficiary position downloaded by the Registrar and Transfer Agent of the Company from the database maintained by the depositories and reported to us for the purpose of this disclosure.

ft ese companies are no longer 'Struck off' as on March 31, 2024.

86 LIQUIDITY COVERAGE RATIO

Disclosure as per the Master Direction RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended

Particulars	(Rs. in crores)											
	As at March 31, 2024			As at December 31, 2023			As at September 30, 2023			As at June 30, 2023		
	Total Unweighted value (average)*	Weighted value (average)#	Total	Total Unweighted value (average)*	Weighted value (average)#	Total	Total Unweighted value (average)*	Weighted value (average)#	Total	Total Unweighted value (average)*	Weighted value (average)#	Total
High Quality Liquid Assets												
1 Total High Quality Liquid Assets (HQLA) @	6,504.31	5,282.98	6,398.07	5,250.03	6,080.80	5,007.84	5,678.09	4,650.19	5,264.80	4,308.76		
Cash Outflows												
2 Deposits (for deposit taking companies)	1,016.03	1,168.43	871.75	1,002.52	912.17	1,049.00	866.83	996.85	878.83	1,010.66		
3 Unsecured wholesale funding	964.26	1,108.90	382.12	439.44	239.10	274.97	91.50	105.23	82.00	94.30		
4 Secured wholesale funding	6,434.96	7,400.20	4,600.67	5,290.78	5,563.88	6,398.46	5,769.31	6,634.71	5,168.63	5,943.93		
5 Additional requirements, of which												
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-		
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-		
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-		
6 Other contractual funding obligations	840.09	966.10	1,029.04	1,183.40	897.51	1,032.14	1,030.00	1,184.50	799.59	919.53		
7 Other contingent funding obligations	141.55	162.78	242.50	278.87	320.46	368.53	216.48	248.95	212.34	244.19		
8 TOTAL CASH OUTFLOWS	9,396.89	10,806.41	7,126.08	8,195.01	7,933.12	9,123.10	7,974.12	9,170.24	7,141.39	8,212.61		
Cash Inflows												
9 Secured lending	-	-	-	-	-	-	-	-	-	-		
10 Inflows from fully performing exposures	8,421.36	6,316.02	7,904.37	5,928.27	7,450.20	5,587.65	7,480.09	5,610.07	7,172.31	5,379.23		
11 Other cash inflows	4,229.90	3,172.43	2,554.43	1,915.83	2,672.79	2,004.59	7,144.41	5,358.31	8,495.15	6,371.36		
12 TOTAL CASH INFLOWS	12,651.26	9,488.45	10,458.80	7,844.10	10,122.99	7,592.24	14,624.50	10,968.38	15,667.46	11,750.59		
13 TOTAL HQLA												
14 TOTAL NET CASH OUTFLOWS												
15 LIQUIDITY COVERAGE RATIO (%)												

86 LIQUIDITY COVERAGE RATIO (Contd.)

(Rs. in crores)

Particulars	As at March 31, 2024			As at December 31, 2023			As at September 30, 2023			As at June 30, 2023			As at March 31, 2023		
	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#
@ Components of HQLA															
1 Assets considered for HQLA without any haircut	397.66	397.66	397.66	657.87	657.87	657.87	716.01	716.01	716.01	538.58	538.58	538.58	484.59	484.59	484.59
2 Assets considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Assets considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Approved securities held as per the provisions of section 45-IB of the RBI Act	6,106.65	6,106.65	4,885.32	5,740.20	5,740.20	4,592.16	5,364.79	4,291.83	4,291.83	5,139.51	5,139.51	4,111.61	4,780.21	4,780.21	3,824.17
Total	6,504.31	6,504.31	5,282.98	6,398.07	6,398.07	5,250.03	6,080.80	5,007.84	5,007.84	5,678.09	5,678.09	4,650.19	5,264.80	5,264.80	4,308.76

*Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Classification of inflows and outflows for determining the runoff factors is based on the same estimates and assumptions as used by the Company for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Qualitative disclosure around Liquidity Coverage Ratio (LCR)

ft e Reserve Bank of India has prescribed Guidelines on Maintenance of Liquidity Coverage Ratio (LCR). All non-deposit taking NBFCs with asset size of Rs. 10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, is required to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. ft e stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days. ft e objective of the LCR is to promote the short-term resilience of the liquidity risk profile. Presently, the Company is mandated to maintain a minimum LCR of 85%, effective December 01, 2023, progressively reaching up to the required level of 100% by December 01, 2024.

ft e LCR requirement was applicable from December 01, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%, 70%, 85% and 100% by December 01, 2021, December 01, 2022, December 01, 2023, December 01, 2024 respectively. ft e Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold for all the quarters.

ft e LCR is calculated by dividing the company's stock of HQLA by its total net outflows over a 30 days stress period.

"High Quality Liquid Assets (HQLA)" means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. ft e main drivers of LCR are adequate HQLAs and lower net cash outflow.

Major source of borrowing for the Company are non-convertible debentures – institutional, term loan/cash credit from banks, term loans from financial institutions/corporates, commercial papers, fixed deposits, inter corporate deposits, external commercial borrowings (loans), U.S. Dollar senior secured notes, subordinated debts. Details of funding concentration from Significant Counterparties are given above under public disclosure.

ft e average LCR is computed as simple averages of daily observations over the previous quarter.

ft e average LCR for the quarter ended March 31, 2024 is 195.55% which is well above against RBI prescribed LCR of 85%.

87 DISCLOSURE OF RESTRUCTURED ACCOUNTS

(Rs. in crores)

Sr. No.	Type of restructuring Financial year Asset classification	Others									
		Year ended March 31, 2024					Year ended March 31, 2023				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 01	23,001	18,910	3,424	838	46,173	13,490	38,565	2,556	748	55,359
	Amount outstanding	534.45	467.25	237.82	124.34	1,363.86	356.87	1,195.52	233.67	97.02	1,883.08
	Provision thereon	95.68	199.69	113.89	100.92	510.18	45.70	527.34	132.53	54.54	760.11
2	Fresh restructuring during the year	-	8,849	261	14	9,124	-	20,014	393	21	20,428
	Amount outstanding	-	304.06	13.33	1.51	318.90	-	548.74	20.62	1.76	571.12
	Provision thereon	-	116.75	5.27	1.11	123.13	-	208.67	7.93	0.69	217.29
3	Upgradation	6,849	(6,436)	(390)	(23)	-	23,001	(22,336)	(616)	(49)	-
	Amount outstanding	190.18	(170.44)	(18.03)	(1.71)	-	761.89	(721.28)	(36.58)	(4.03)	-
	Provision thereon	81.38	(72.36)	(7.88)	(1.14)	-	333.67	(314.76)	(16.99)	(1.92)	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Degradation of restructured accounts during the year	-	(1,613)	1,147	466	-	-	(2,513)	2,063	450	-
	Amount outstanding	-	(60.03)	22.75	37.28	-	-	(180.88)	109.43	71.45	-
	Provision thereon	-	(26.22)	4.83	21.39	-	-	(83.12)	34.86	48.26	-
6	Write-offs of restructured accounts during the year	(23,001)	(10,021)	(1,811)	(271)	(35,104)	(13,490)	(14,820)	(972)	(332)	(29,614)
	Amount outstanding	(615.94)	(256.58)	(80.77)	(34.47)	(987.76)	(584.31)	(374.85)	(89.32)	(41.86)	(1,090.34)
	Provision thereon	(158.98)	(115.32)	(55.11)	4.65	(324.76)	(283.69)	(138.44)	(44.44)	(0.65)	(467.22)
7	Restructured accounts as on March 31	6,849	9,689	2,631	1,024	20,193	23,001	18,910	3,424	838	46,173
	Amount outstanding	108.69	284.26	175.10	126.95	695.00	534.45	467.25	237.82	124.34	1,363.86
	Provision thereon	18.08	102.54	61.00	126.93	308.55	95.68	199.69	113.89	100.92	510.18

Note:

- ft e outstanding amount and number of borrowers as at March 31, 2024 and March 31, 2023 is after considering recoveries during the period.
- Additional facilities availed by borrowers or addition in outstanding balance in existing restructured accounts and partial repayments in existing restructured accounts are adjusted and disclosed under "Write-offs of restructured accounts", however, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.
- ft e Company has classified all the restructured accounts under stage 3 for ECL Calculations under Ind AS and Provision for Impairment Loss on all the restructured accounts have been provided in the books accordingly.
- Since the disclosure of restructured accounts pertains to section "Others", the first two sections namely "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per the format prescribed in the Master Directions - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.
- For the purpose of arithmetical accuracy, movement in provisions in the existing restructured account as compared to balance of provision as disclosed in opening balance and fresh restructuring on account sale/recovery/ settlement (for any change in provision) is adjusted and disclosed under "Write-offs of restructured accounts" during the year.
- ft e above disclosure does not include one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DoR.No.BPBC/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress dated August 06, 2020 and RBI/2021-22/31/DoR.STR.REC.11 /21.04.048/2021-22 Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 05, 2021.

88 ASSET CLASSIFICATION AS PER RBI NORMS

Disclosure pursuant to Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended

Asset classification as per RBI Norms		Asset classification as per Ind AS 109	Year ended March 31, 2024					Year ended March 31, 2023					(Rs. in crores)
			Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms	
(1)	(2)	(3)	(4)	(5)	(6)	(7)		(3)	(4)	(5)	(6)	(7)	
Performing assets													
Standard	Stage 1	198,058.98	6,462.51	191,596.47	795.09	5,667.42		157,948.51	4,588.42	153,360.09	655.38	3,933.04	
	Stage 2	15,044.24	1,110.48	13,933.76	63.44	1,047.04		16,385.86	1,109.44	15,276.42	74.60	1,034.84	
Subtotal		213,103.22	7,572.99	205,530.23	858.53	6,714.46		174,334.37	5,697.86	168,636.51	729.98	4,967.88	
Non-Performing Assets (NPA)													
Substandard	Stage 3	7,043.50	2,633.31	4,410.19	685.64	1,947.67		7,927.55	3,550.34	4,377.21	1,501.56	2,048.78	
Doubtful - up to 1 year	Stage 3	1,459.05	512.30	946.75	463.55	48.75		1,879.40	1,078.82	800.58	914.54	164.28	
1 to 3 years	Stage 3	632.57	193.51	439.06	349.24	(155.73)		452.35	271.62	180.73	299.91	(28.29)	
More than 3 years	Stage 3	77.49	24.96	52.53	56.60	(31.64)		1.52	0.70	0.82	1.50	(0.80)	
Subtotal for doubtful		2,169.11	730.77	1,438.34	869.39	(138.62)		2,333.27	1,351.14	982.13	1,215.95	135.19	
Loss	Stage 3	2,896.33	2,906.43	(10.10)	2,893.09	13.34		1,155.65	823.80	331.85	1,067.19	(243.39)	
Subtotal for NPA		12,108.94	6,270.51	5,838.43	4,448.12	1,822.39		11,416.47	5,725.28	5,691.19	3,784.70	1,940.58	
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	108.24	4.38	103.86	-	4.38		283.98	9.51	274.47	-	9.51	
	Stage 2	-	-	-	-	-		-	-	-	-	-	
	Stage 3	-	-	-	-	-		-	-	-	-	-	
Subtotal		108.24	4.38	103.86	-	4.38		283.98	9.51	274.47	-	9.51	
Total	Stage 1	198,167.22	6,466.89	191,700.33	795.09	5,671.80		158,232.49	4,597.93	153,634.56	655.38	3,942.55	
	Stage 2	15,044.24	1,110.48	13,933.76	63.44	1,047.04		16,385.86	1,109.44	15,276.42	74.60	1,034.84	
	Stage 3	12,108.94	6,270.51	5,838.43	4,448.12	1,822.39		11,416.47	5,725.28	5,691.19	3,784.70	1,940.58	
	Total	225,320.40	13,847.88	211,472.52	5,306.65	8,541.23		186,034.82	11,432.65	174,602.17	4,514.68	6,917.97	

89 LIQUIDITY RISK

Public Disclosure on Liquidity Risk for the year ended March 31, 2024 and March 31, 2023 pursuant to Appendix VI-A Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.

(i) Funding concentration based on significant counterparty¹ (both deposits and borrowings)

Particulars	Number of significant counterparties	Amount (Rs. in crores)*	% of Total deposits	% of Total liabilities ³
As at March 31, 2024	23	86,504.55	194.64%	45.84%
As at March 31, 2023	18	67,207.87	185.97%	41.91%

*Includes securitisation liabilities exposure

(ii) Top 20 large deposits (amount in Rs. in crore and % of total deposits)

Particulars	As at March 31, 2024	As at March 31, 2023
Total amount of top 20 large deposits	1,694.20	1,628.33
Percentage of amount of top 20 large deposits to total deposits	3.81%	4.51%

(iii) Top 10 borrowings (amount in Rs. in crore and % of total borrowings)

Particulars	As at March 31, 2024	As at March 31, 2023
Total amount of top 10 borrowings*	53,584.20	48,886.75
Percentage of amount of top 10 borrowings to total borrowings	28.83%	30.96%

*Includes securitisation liabilities exposure

(iv) Funding concentration based on significant instrument/ product²

Sr. No.	Name of the instrument/ product	As at March 31, 2024		As at March 31, 2023	
		Amount	% of Total liabilities ³	Amount	% of Total liabilities ³
1	Redeemable non-convertible debentures (secured and unsecured)	31,630.43	16.76%	30,244.58	18.86%
2	External commercial bond	10,948.31	5.80%	12,513.28	7.80%
3	Term loan from banks	37,232.36	19.73%	31,900.26	19.89%
4	Term loan from financial institutions/ corporates	10,405.19	5.51%	9,296.56	5.80%
5	External commercial borrowing	14,467.05	7.67%	9,828.01	6.13%
6	Other loans - Securitisation liabilities	29,138.16	15.44%	22,106.09	13.79%
7	Deposits	44,443.66	23.55%	36,139.83	22.54%
8	Subordinated debts	4,300.07	2.28%	4,523.85	2.82%
9	Commercial papers	2,369.87	1.26%	-	-

(v) Stock ratios

Sr. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		as a % of Total public funds ⁴	as a % of Total liabilities ³	as a % of Total assets	as a % of Total public funds ⁴	as a % of Total liabilities ³	as a % of Total assets
(a)	Commercial papers	1.28%	1.26%	1.00%	-	-	-
(b)	Non-convertible debentures (original maturity of less than one year)	-	-	-	-	-	-
(c)	Other short-term liabilities ⁵	4.21%	4.14%	3.30%	3.62%	3.56%	2.80%

89 LIQUIDITY RISK (Contd.)

(vi) Institutional set-up for liquidity risk management

Refer note 54.01.01: Risk management structure and 54.03: Liquidity risk and funding management for institutional set-up for liquidity risk management.

***Notes:**

- 1) Significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities as defined in Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- 2) Significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities, as defined in Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- 3) Total liabilities has been computed as sum of all liabilities (Total of Balance Sheet less Total Equity).
- 4) Public funds include funds raised either directly or indirectly through public deposits, inter-corporate deposits (except from associate), deposits from corporates (except from associate), bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue, as defined in Master Direction - RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.
- 5) Other short-term liabilities include all short-term borrowings other than commercial papers and non-convertible debentures with original maturity less than one year.
- 6) The amount stated in this disclosure is based on the audited financial statements for the years ended March 31, 2024 and March 31, 2023.

90 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

Instruments	Credit Rating Agency	As at March 31, 2024	As at March 31, 2023
Bank Loan Long-term	CRISIL Limited	CRISIL AA+/Stable	CRISIL AA+/Stable
Bank Loan Short-term	CRISIL Limited	CRISIL A1+	CRISIL A1+
Bank Loans	India Ratings & Research Private Limited	IND AA+/Stable	IND AA+/Stable
Commercial Paper	India Ratings & Research Private Limited	IND A1+	IND A1+
Commercial Paper	CARE Ratings Limited	CARE A1+	CARE A1+
Commercial Paper	CRISIL Limited	CRISIL A1+	CRISIL A1+
Dual Recourse Bond	India Ratings & Research Private Limited	-	IND AAA (CE)/Stable
Fixed deposit	ICRA Limited	[ICRA] AA+ (Stable)	[ICRA] AA+ (Stable)
Term Deposit	India Ratings & Research Private Limited	IND AA+/Stable	IND AA+/Stable
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PPMLD AA+/Stable	CRISIL PPMLD AA+/Stable

90 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR (Contd.)

Instruments	Credit Rating Agency	As at March 31, 2024	As at March 31, 2023
Principal Protected Market Linked Debentures	India Ratings & Research Private Limited	IND PP-MLD AA+/ Stable	IND PP-MLD AA+/ Stable
Long-Term Issuer Credit Rating	Standard & Poor's Ratings	BB/ Stable	BB-/ Stable
Long-Term Issuer Default Rating	Fitch Ratings	BB/ Stable Outlook	BB/ Stable Outlook
Subordinated debt	CARE Ratings Limited	CARE AA+/Stable	CARE AA+/Stable
Subordinated debt	India Ratings & Research Private Limited	IND AA+/Stable	IND AA+/Stable
Subordinated debt	CRISIL Limited	CRISIL AA+/Stable	CRISIL AA+/Stable
Non-convertible debentures	CARE Ratings Limited	CARE AA+/Stable	CARE AA+/Stable
Non-convertible debentures	CRISIL Limited	CRISIL AA+/Stable	CRISIL AA+/Stable
Non-convertible debentures	India Ratings & Research Private Limited	IND AA+/Stable	IND AA+/Stable
Non-convertible debentures	ICRA Limited	[ICRA] AA+ (Stable)	[ICRA] AA+ (Stable)
Offshore Rupee Denominated Bond (Masala Bond)	Standard & Poor's Ratings	-	BB-
Offshore Rupee Denominated Bond (Masala Bond)	Fitch Ratings	-	BB
Short-Term Issuer Credit Rating	Standard & Poor's Ratings	B	B
Short-Term Issuer Default Rating	Fitch Ratings	B	B
U.S. Dollar Senior Secured Notes	Standard & Poor's Ratings	BB	BB-
U.S. Dollar Senior Secured Notes	Fitch Ratings	BB	BB
Local Currency Long Term Issuer Default Rating	Fitch Ratings	BB/ Stable Outlook	BB/ Stable Outlook

91 CAPITAL ADEQUACY RATIO

(Rs. in crores unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Tier I Capital	39,402.60	35,526.68
ii) Tier II Capital	1,510.58	2,368.88
iii) Total Capital	40,913.18	37,895.56
iv) Total Risk Weighted Assets	201,526.75	167,582.05
v) CRAR (%)	20.30	22.61
vi) CRAR - Tier I Capital (%)	19.55	21.20
vii) CRAR - Tier II Capital (%)	0.75	1.41
viii) Common equity Tier - 1 Capital (CET-1)	38,838.91	34,777.83
ix) CET-1 (%)	19.27	20.75
x) Amount of subordinated debt raised as Tier-II Capital*	4,283.20	4,543.70
xi) Amount raised by issue of Perpetual debt instruments	-	-

Tier I Capital, Tier II Capital, Capital Adequacy Ratio and Common Equity Tier 1 Capital (CET1) are calculated as defined in Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.

*Discounted value of Rs. 1,181.24 crores (March 31, 2023: Rs. 1,944.88 crores) considered for Tier II Capital against the book value of Rs. 4,283.20 crores (March 31, 2023: Rs. 4,543.70 crores).

92 INVESTMENTS

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
(1) Value of investments			
(i) Gross value of investments			
(a) In India	10,653.25	8,542.48	
(b) Outside India	79.84	63.35	
(ii) Provisions for depreciation			
(a) In India	76.45	40.77	
(b) Outside India	-	-	
(iii) Net value of investments			
(a) In India	10,576.80	8,501.71	
(b) Outside India	79.84	63.35	
(2) Movement of provisions held towards depreciation on investments			
(i) Opening balance	40.77	36.00	
(ii) Add: Provisions made during the year	35.68	4.77	
(iii) Less: Write-off/write-back of excess provisions during the year	-	-	
(iv) Closing balance	76.45	40.77	

93 DERIVATIVES

93.01: Forward rate agreement/Interest rate swap

		(Rs. in crores)	
Particulars	As at March 31, 2024	As at March 31, 2023	
(i) Net notional principal of swap agreements	52,224.54	40,040.27	
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-	
(iii) Collateral required by the NBFC upon entering into swaps	-	-	
(iv) Concentration of credit risk arising from the swap	-	-	
(v) Net fair value of the swap book	330.48	668.81	

Forward rate agreement (FRAs) entered into during the year ended March 31, 2024 is Rs. 10,136.61 crores (March 31, 2023 : Rs. 6,055.28 crores)

93.02: Exchange traded interest rate (IR) derivatives : Nil

93.03: Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

The Company has entered into derivative agreement to mitigate the foreign exchange risk and interest rate risk pertaining to external commercial borrowings and foreign currency bonds. The description of risk policies and risk mitigation strategies are disclosed in note 54 of the financial statements.

93 DERIVATIVES (Contd.)

Quantitative Disclosures

Particulars	(Rs. in crores)			
	As at March 31, 2024		As at March 31, 2023	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
(i) Derivatives (Notional principal amount)				
For hedging	26,657.43	25,567.11	22,809.86	17,230.41
(ii) Marked to market positions				
a) Asset (+)	18.43	312.05	516.41	152.40
b) Liability (-)	-	-	-	-
(iii) Credit exposure	-	-	-	-
(iv) Unhedged exposures	-	-	-	-

94 DISCLOSURES RELATING TO SECURITISATION/ DIRECT ASSIGNMENT

94.01: Disclosure as per RBI Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021 as amended

Relevant information on securitisation of the Company as an originator is given below:

Sr. No.	Particulars	(Rs. in crores)	
		Non-STC Transactions	
		As at March 31, 2024	As at March 31, 2023
1	No. of SPEs holding assets for securitisation transactions originated by the originator	107	95
2	Total amount of securitised assets as per books of the SPEs	29,196.51	22,277.04
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	5,549.83	4,328.66
	a) Off-balance sheet exposures		
	• First loss	111.31	111.31
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	3,274.16	3,123.94
	• Others	2,275.67	1,204.72
4	Amount of exposures to securitisation transactions other than MRR	-	-
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	353.71	200.24
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-

94 DISCLOSURES RELATING TO SECURITISATION/ DIRECT ASSIGNMENT (Contd.)

		(Rs. in crores)	
Sr. No.	Particulars	Non-STC Transactions	
		As at March 31, 2024	As at March 31, 2023
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	934.86	1,656.48
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets	22,944.54	16,965.25
	Gain/ loss on sale on account of securitisation	2,773.13	2,480.32
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided		
	Credit enhancement		
	(a) Amount paid	3,130.36	2,194.61
	(b) Repayment received	2,630.82	2,900.05
	(c) Outstanding amount	6,484.68	5,985.14
8	Average default rate of portfolios observed in the past (%)		
	(a) Vehicle loans	6.59	7.36
	(b) Two wheeler loans	4.98	6.98
	(c) Trade finance	6.43	7.63
	(d) Personal loans	6.81	-
9	Amount and number of additional/top up loan given on same underlying asset	-	-
10	Investor complaints		
	(a) Directly/Indirectly received	-	-
	(b) Complaints outstanding	-	-

Note: There are no STC Transactions in the financial year ended March 31, 2024 and March 31, 2023.

94.02: Disclosure as per Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 as amended

a) Details of transfer through assignment in respect of loans not in default during the financial year ended March 31, 2024 and March 31, 2023:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Count of loans accounts assigned	47,789	187,450
Amount of loan accounts assigned (Rs. in crores)	3,139.14	2,171.20
Weighted average maturity (in months)	52	40
Weighted average holding period (in months)	11	10
Retention of beneficial economic interest	10.00%	10.00%
Coverage of tangible security	100.00%	100.00%
Rating wise distribution of rated loans	Not rated	Not rated

94 DISCLOSURES RELATING TO SECURITISATION/ DIRECT ASSIGNMENT (Contd.)

b) Details of acquired through assignment in respect of loans not in default during the financial years ended March 31, 2024 and March 31, 2023:

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Secured loans	Unsecured loans	Secured loans	Unsecured loans
Count of loans accounts assigned	4,013	-	9,391	15,514
Amount of loan accounts assigned (Rs. in crores)	15.62	-	48.71	103.62
Weighted average maturity (in months)	19	-	25	16
Weighted average holding period (in months)	12	-	7	7
Retention of beneficial economic interest	80.00%	-	80.00%	80.00%
Coverage of tangible security	80.34%	-	64.66%	NA
Rating wise distribution of rated loans	Not rated	-	Not rated	Not rated

c) Details of stressed loans transferred during the year ended March 31, 2024 and March 31, 2023:

(Rs. in crores)

Particulars	To ARCs (NPA loans)	
	As at March 31, 2024	As at March 31, 2023
No: of accounts	6,731	-
Aggregate principal outstanding of loans transferred (Rs. in crores)	4.82	-
Weighted average residual tenor of loans transferred (in months)	4	-
Net book value of loans transferred (at the time of transfer) (Rs. in crores)	1.21	-
Aggregate consideration (Rs. in crores)	2.46	-
Additional consideration realized in respect of accounts transferred in earlier years (Rs. in crores)	-	-
Excess provisions reversed to the profit and loss account on account of sale of stressed loans (Rs. in crores)	-	-

d) The Company has not acquired any stressed loans during the year ended March 31, 2024 and March 31, 2023.

95 ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

As at March 31, 2024

Particulars	(Rs. in crores)							
	1 - 7 days	8 - 14 days	15 - 30 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Total
Deposits*	303.08	174.88	471.84	752.86	870.64	3,258.66	5,745.94	44,590.62
Advances**	5,358.95	1,627.13	2,509.75	7,734.55	8,372.14	23,621.46	40,970.88	207,929.41
Investments	28.03	2.81	351.32	74.82	310.01	117.30	494.68	10,656.64
Borrowings***	2,282.09	941.24	5,094.58	4,255.28	7,079.12	10,513.49	19,089.87	115,982.12
Foreign currency assets	-	-	-	-	-	-	-	-
Foreign currency liabilities	5.55	-	170.94	24.48	334.91	95.58	605.85	25,415.36

As at March 31, 2023

Particulars	(Rs. in crores)							
	1 - 7 days	8 - 14 days	15 - 30 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Total
Deposits*	263.83	116.96	453.06	636.32	788.10	2,473.58	4,756.63	36,274.03
Advances**	4,457.12	1,256.69	2,111.70	6,088.57	6,253.71	18,430.17	33,643.35	171,984.58
Investments	512.31	5.33	37.09	276.26	58.52	109.90	421.19	8,565.06
Borrowings***	615.24	1,145.61	3,143.82	3,901.76	6,848.22	8,798.20	15,203.93	99,425.17
Foreign currency assets	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	127.33	-	124.23	4,961.73	6,167.05	22,341.29

* includes deposits from corporates and unclaimed matured deposit.

** net of Impairment loss allowance.

***excludes deposits which are shown separately and external commercial borrowings and external commercial bond which are shown separately under Foreign currency liabilities.

96 ADDITIONAL DISCLOSURES

96.01: Provisions and contingencies

(Rs. in crores)

Break up of Provisions and contingencies shown under the head expenditure in Profit and Loss account	Year ended March 31, 2024	Year ended March 31, 2023
Provision towards NPA#	2,690.19	3,258.98
Provision made towards income tax ##	2,493.16	2,205.55
Provision towards impairment of financial instruments other than provision for stage 3 assets	1,828.15	900.19

Provision for stage 3 assets

Provision made towards income tax comprises of current tax, deferred tax and tax adjustment for earlier years.

96.02: Draw down from reserves

the draw down from reserves was Rs. Nil for financial years ended March 31, 2024 and March 31, 2023.

96.03: Concentration of Deposits, Advances, Exposures and NPAs

96.03.01: Concentration of Deposits (for deposit taking NBFCs)

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total deposits of twenty largest depositors	803.08	921.10
Percentage of deposits of twenty largest depositors to total deposits of the NBFC	1.87%	2.65%

96.03.02: Concentration of advances

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total advances to twenty largest borrowers	513.55	399.15
Percentage of advances to twenty largest borrowers to total advances of the NBFC*	0.23%	0.22%

*Excludes retained interest on direct assignment Rs. 359.18 crores (March 31, 2023 Rs. 266.52 crores).

96.03.03: Concentration of exposures

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to twenty largest borrowers/ customers	513.55	399.15
Percentage of exposures to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/ customers*	0.23%	0.22%

*Excludes retained interest on direct assignment Rs. 359.18 crores (March 31, 2023 Rs. 266.52 crores).

96.03.04: Concentration of NPAs

(Rs. in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to top four NPA accounts**	134.90	139.15

**NPA accounts refer to stage 3 assets.

97 MOVEMENT OF NPAS \$

Particulars	(Rs. in crores)	
	Year ended March 31, 2024	Year ended March 31, 2023
(i) Net NPAs to net advances (%)	2.70%	3.19%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	11,382.18	8,887.55
(b) Additions during the year @	10,327.54	11,093.20
(c) Reductions during the year	(9,628.56)	(8,598.57)
(d) Closing balance	12,081.15	11,382.18
(iii) Movement of Net NPAs		
(a) Opening balance	5,674.91	4,446.05
(b) Additions during the year	6,674.60	7,169.14
(c) Reductions during the year	(6,525.07)	(5,940.28)
(d) Closing balance	5,824.44	5,674.91
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	5,707.27	4,441.50
(b) Provisions made during the year	3,652.94	3,924.06
(c) Write-off/write-back of excess provisions	(3,103.50)	(2,658.29)
(d) Closing balance	6,256.71	5,707.27

\$ NPAs refer to stage 3 assets.

@ includes effects of business combination

98 CUSTOMER COMPLAINTS

98.01: Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Complaints received by the Company from its customers		
1	Number of complaints pending at beginning of the year	130	62
2	Number of complaints received during the year	15,615	9,837
3	Number of complaints disposed during the year	15,308	9,769
	3.1 Of which, number of complaints rejected by the Company	61	-
4	Number of complaints pending at the end of the year*	437	130
	Maintainable complaints*** received by the Company from Office of Ombudsman		
5	Number of maintainable complaints received by the Company from Office of Ombudsman **	938	656
	5.1 Of 5, number of complaints resolved in favour of the Company by Office of Ombudsman	936	654
	5.2 Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	2	2
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

*All the complaints pending as at March 31, 2024, were resolved subsequently.

** Includes 25 complaints pending as at March 31, 2024, which were resolved subsequently.

***Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (previously the Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the scheme.

98 CUSTOMER COMPLAINTS (Contd.)

98.02: Top five grounds of Complaints received by the Company from Customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2024					
Loan Related*	37	4,928	70.93%	145	9
Documents Related	23	2,800	42.35%	54	4
Collection Related	22	2,369	62.15%	67	2
Loan Settlement	6	1,365	225.78%	29	1
Policy Renewal	6	633	214.93%	17	1
Others*	36	3,520	21.13%	125	4
Total	130	15,615	58.74%	437	21

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2023					
Loan Related*	47	2,883	28.82%	52	4
Documents Related	9	1,967	262.25%	23	2
Collection Related	1	1,461	1560.23%	14	-
Loan Settlement	1	419	423.75%	5	-
Policy Renewal	-	201	279.25%	3	-
Others*	4	2,906	550.11%	33	-
Total	62	9,837	185.21%	130	6

*Effects of business combination (Refer note 51)

99 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

As the Company does not have any joint venture or subsidiary abroad, hence not applicable.

100 OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

As the Company has not sponsored any off-balance sheet SPV which are required to be consolidated as per accounting norms.

101 INFORMATION ON INSTANCES OF FRAUD

Instances of fraud for the year ended March 31, 2024:

(Rs. in crores)

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount written-off
Fraud committed by employees	1	0.17	0.28	-
Fraud committed by customers and outsiders	1	0.80	-	0.80

* includes Rs. 0.11 crores recovered from the fraud cases reported during previous years.

101 INFORMATION ON INSTANCES OF FRAUD (Contd.)

Instances of fraud for the year ended March 31, 2023:				(Rs. in crores)
Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount written-off
Fraud committed by employees	3	0.41	-	-
Fraud committed by customers and outsiders	1	0.18	0.21	0.18

* includes Rs. 0.16 crores recovered from the fraud cases reported during the year ended March 31, 2015.

102 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

The Company has paid a fine of Rs. 21,600/- (net of TDS) in connection with delay in submission of notice of record date under Regulation 60(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for purpose of payment of principal and interest on certain privately placed non-convertible debentures listed on BSE Limited during the financial year ended March 31, 2024. No penalties have been levied on the Company by any regulator for the financial year ended March 31, 2023.

103 DISCLOSURE OF PORTFOLIO-LEVEL INFORMATION ON THE USE OF FUNDS RAISED FROM GREEN DEPOSITS AS PER RBI NOTIFICATION NO. RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 DATED APRIL 11, 2023

The Company has not raised any funds from green deposits during the financial years ended March 31, 2024 and March 31, 2023.

104 EXPOSURES

104.01: Exposure to real estate sector

		(Rs. in crores)	
Category		As at March 31, 2024	As at March 31, 2023
i) Direct exposure			
a) Residential Mortgages *			
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented and also includes non-fund based (NFB) limits.		6,447.12	5,580.77
b) Commercial Real Estate *			
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) and also includes non-fund based (NFB) limits.		1,263.02	1,260.70
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures			
i. Residential		-	-
ii. Commercial Real Estate		-	-
ii) Indirect Exposure			
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.		-	-
Total Exposure to Real Estate Sector		7,710.14	6,841.47

* Repayment of the MSME loans primarily depends on the cash flows from business operations of the borrower and are additionally secured by immovable property.

104 EXPOSURES (Contd.)

104.02: Sectoral exposure

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (Rs. in crores)	Gross NPAs (Rs. in crores)	Percentage of Gross NPAs to total exposure in that Sector	Total Exposure (Rs. in crores)	Gross NPAs (Rs. in crores)	Percentage of Gross NPAs to total exposure in that Sector
1) Agriculture and Allied Activities	-	-	-	-	-	-
2) Industry	-	-	-	-	-	-
3) Services						
i) Transport Operators	180,789.98	10,251.41	5.67%	153,208.66	9,737.34	6.36%
ii) SME Loans	25,603.19	1,273.71	4.97%	18,926.51	1,119.55	5.92%
iii) Others	-	-	-	-	-	-
Total of Services	206,393.17	11,525.12	5.58%	172,135.17	10,856.89	6.31%
4) Personal Loan						
i) Gold loan	6,299.80	121.39	1.93%	4,478.39	141.03	3.15%
ii) Others	8,974.69	434.64	4.84%	6,724.86	384.26	5.71%
Total of Personal Loan	15,274.49	556.03	3.64%	11,203.25	525.29	4.69%
5) Others, if any	-	-	-	-	-	-
TOTAL	221,667.66	12,081.15	5.45%	183,338.42	11,382.18	6.21%

104.03: Intra-group exposures

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
i) Total amount of intra-group exposures	1,585.62	1,587.61
ii) Total amount of top 20 intra-group exposures	1,585.62	1,587.61
iii) Percentage of intra-group exposures to total exposure of the Company on borrowers/ customers	0.72%	0.87%

104.04: Exposure to capital market

Particulars	(Rs. in crores)	
	As at March 31, 2024	As at March 31, 2023
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,681.27	1,664.36
ii) All exposures to Alternative Investment Funds:		
(a) Category I	1.52	1.53
(b) Category II	-	-
(c) Category III	-	-
Total exposure to capital market	1,682.79	1,665.89

104 EXPOSURES (Contd.)

104.05: Unhedged foreign currency exposure

ft e Company does not have any unhedged foreign currency exposures for the financial years ended March 31, 2024 and March 31, 2023. Please refer to note 54 - Risk management for the Company policies to manage currency induced risk.

104.06: Details of financing of parent company products

ft e Company does not have any parent company, hence not applicable.

104.07: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

ft e Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the financial years ended March 31, 2024 and March 31, 2023.

104.08: Unsecured advances

ft e Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority during financial years ended March 31, 2024 and March 31, 2023.

105 COMPULSORILY CONVERTIBLE DEBENTURES ISSUED BY SUBSIDIARY COMPANY

ft e Company's subsidiary has issued Compulsorily Convertible Debentures of Rs. 400 crores to an external investor. ft e Company has a right to purchase the said instrument (before or after conversion) from the investor at price computed based on pre-agreed formula, and similarly the investor has a put right written by the Company. ft e said arrangement is accounted as derivative and valued at zero, in accordance with accounting norms and policy. For further details on the transaction, please refer to the note 49 - Related Party Transactions disclosure.

106 BREACH OF COVENANT

ft ere were no instances of default or breaches of covenant in respect of loan availed or debt securities issued during the financial years ended March 31, 2024 and March 31, 2023.

107 DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

ft e RBI has neither assessed any additional provisioning requirements in excess of 5% of the reported profits before tax and impairment loss on financial instruments for the financial year ended March 31, 2023, nor identified any additional Gross NPAs in excess of 5% of the reported gross NPAs for the said period.

108 NOTE 108: DISCONTINUED OPERATIONS

ft e Company had no discontinuing operations during the financial years ended March 31, 2024 and March 31, 2023.

109 WHISTLE- BLOWER COMPLAINTS

ft ere were no whistle blower complaints received by the Company during the financial years ended March 31, 2024 and March 31, 2023.

As per our report of even date

For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants

ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited

(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 26, 2024

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 26, 2024

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
Mumbai
April 26, 2024

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 26, 2024

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 26, 2024

U Balasundararao
Company Secretary
Mumbai
April 26, 2024

As required in Annex. VIII of Master Direction - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 on Disclosure requirements under Scale Based Regulation for NBFCs dated October 19, 2023 as amended.

Schedule to the Balance Sheet

(Rs. in crores)

Liabilities side :		As at March 31, 2024	
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		Amount Outstanding	Amount Overdue
(a) Debentures : Secured		31,547.38	7.37#
: Unsecured		90.42	Nil
(Other than falling within the meaning of public deposits*)			
(b) Deferred Credits		Nil	Nil
(c) Term Loans		74,775.84	Nil
(d) Inter-corporate Loans and Borrowings		Nil	Nil
(e) Commercial Paper		Nil	Nil
(f) Public Deposits* @		42,948.54	146.26#
(g) Other Loans - Subordinated Debts		4,307.03	6.96#
- Cash Credit		906.04	Nil
- Bank overdrafts		1,999.87	Nil
- Deposits from Corporates		1,642.08	0.70#
- External Commercial Borrowing - Secured		14,467.05	Nil
- External Commercial Bond - Secured		10,948.31	Nil
- Commercial papers		2,369.87	Nil
@ Excludes Deposits from Corporates			
* Please see note 1 below			
# Represent amounts unclaimed			

(Rs. in crores)

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		Amount Outstanding	Amount Overdue
(a) In the form of Unsecured Debentures		Nil	Nil
(b) In the form of Partly Secured Debentures i.e debentures where there is a shortfall in the value of security		Nil	Nil
(c) Other Public Deposits @		42,948.54	146.26 #
@ Excludes Deposits from Corporates			
* Please see note 1 below			
# Represent amounts unclaimed			

(Rs. in crores)

Assets side :		As at March 31, 2024
(3) Break-up of loans and advances including bills receivables (other than those included in (4) below):		Amount Outstanding
(a) Secured		204,033.67
(b) Unsecured		17,633.99

Schedule to the Balance Sheet (Contd.)

Assets side :		As at March 31, 2024
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities €		Amount Outstanding
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		Nil
(b) Operating lease		Nil
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		Nil
(b) Repossessed Assets		Nil
(iii) Other loans counting towards asset financing activities : €		
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil

€ ft e Company has not disclosed amount outstanding under assets financing activities under note 4(iii) and included entire loan amount outstanding under note 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment Companies in to a new category "NBFC - Investment and Credit Company" vide its circular no. DNBR (PD) CC. No. 097/03.10.001/2018-19 dated February 22, 2019.

(5) Break-up of Investments : \$		Amount Outstanding
Current Investments :		
1 Quoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others		Nil
2 Unquoted :		
(i) Shares:		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others		Nil

Break-up of Investments : \$		Amount Outstanding
Long Term Investments :		
1 Quoted :		
(i) Shares :		
(a) Equity		79.84
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		300.38
(iv) Government Securities		6,468.36
(v) Others		Nil
2 Unquoted :		
(i) Shares:		
(a) Equity		1,601.43
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others		
- Venture Capital Fund		1.52
- Investment in PTC		2,205.11

\$ ft e Company has not disclosed the breakup of investment into long term investment and current investment as the classification is not required under Indian Accounting Standards issued by MCA for NBFCs.

Schedule to the Balance Sheet (Contd.)

(Rs. in crores)

Assets side :		As at March 31, 2024		
(6) Borrower group-wise classification of assets, financed as in (3) and (4) above : Please see note 2 below		Amount (Net of provisions)		
Category		Secured	Unsecured	Total
1 Related Parties **				
(a) Subsidiaries		Nil	Nil	Nil
(b) Companies in the same group		Nil	Nil	Nil
(c) Other Related Parties		Nil	Nil	Nil
2 Other than Related Parties		191,737.00	16,192.41	207,929.41
Total		191,737.00	16,192.41	207,929.41

(Rs. in crores)

		As at March 31, 2024	
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): \$ Please see note 3 below		Market Value/ Break up of fair value or NAV*	Book Value (Net of Provisions)
Category			
1 Related Parties **			
(a) Subsidiaries		1,278.79	1,562.24
(b) Companies in the same group		10.01	10.01
(c) Other Related Parties		74.30	13.37
2 Other than Related Parties		9,036.51	9,071.03
Total		10,399.61	10,656.64

* Disclosure is made in respect of available information. NAV is disclosed.

** As per Indian Accounting Standard issued by MCA (Please see note 3).

\$ ft e Company has not disclosed the breakup of investment into long term investment and current investment as the classification is not required under Indian Accounting Standards issued by MCA.

(Rs. in crores)

(8) Other information	Amount
(i) Gross Non-Performing Assets ¥	
(a) Related Parties	Nil
(b) Other than Related Parties	12,081.15
(ii) Net Non-Performing Assets ¥	
(a) Related Parties	Nil
(b) Other than Related Parties	5,824.44
(iii) Assets acquired in satisfaction of debt	Nil

¥ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Notes :

- As defined in paragraph 5.1.26 of the Directions.
- Provisioning norms shall be applicable as prescribed in these directions.
- All notified Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term (amortised cost in the case of Ind AS) or current (fair value in case of Ind AS) in (5) above.

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part A: Subsidiaries (Refer note 44)

(Rs. in crores)

Sr. No.	Particulars	
1	Name of the subsidiary	Shriram Housing Finance Limited (from April 01, 2022)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
4	Share capital	330.08
5	Reserves & surplus	1,593.65
6	Total assets	11,858.59
7	Total liabilities	9,934.85
8	Investments (included in total assets)	199.33
9	Turnover	1,429.57
10	Profit before taxation	290.32
11	Provision for taxation	72.88
12	Profit after taxation	217.43
13	Proposed dividend	-
14	% of shareholding	83.78%

Note:

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part B: Associates and joint venture (Refer note 44)

Sr. No.	Particulars - Associate	Shriram Automall India Limited
1	Latest audited balance sheet date#	March 31, 2024
2	Shares of associate held by the Company on the year end	
	No.	13,369,565
	Amount of investment in associate (Rs. in crores)	13.37
	Extent of holding %	44.56%
3	Description of how there is significant influence	By virtue of holdings being 20% or more - Associate Company
4	Reason why the associate is not consolidated	NA

Part B: Associates and joint venture (Contd.)

Sr. No.	Particulars - Associate	Shriram Automall India Limited
5	Networth attributable to shareholding as per latest audited balance sheet (Rs. in crores)*	191.30
6	Proft/ (Loss) for the year (Rs. in crores)*	
i	Considered in consolidation	7.78
ii	Not considered in consolidation	9.68

#ft e ftancial statements for the associate are as per the unaudited ftancial statements provided by the management.

*on consolidated basis.

ft e Company does not have any joint venture.

Note:

- Names of associates or joint ventures which are yet to commence operations: NIL
- Names of associates or joint ventures which have been liquidated or sold during the year: NIL

For and on behalf of the Board of Directors of

Shriram Finance Limited
(formerly Shriram Transport Finance Company Limited)

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
Mumbai
April 26, 2024

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 26, 2024

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 26, 2024

U Balasundararao
Company Secretary
Mumbai
April 26, 2024

To The Members of

Shriram Finance Limited (formerly Shriram Transport Finance Company Limited)

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of Shriram Finance Limited (formerly Shriram Transport Finance Company Limited) ('the Company'), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the Standalone Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that

are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Emphasis of Matter

4. We draw attention to notes 52 and 74 of the Standalone financial statements which state that the Composite Scheme of Arrangement and Amalgamation ('Scheme'), has been given effect to, based on the Appointed date 01 April 2022 as approved by National Company Law Tribunal which is deemed to be the acquisition date for the purpose of accounting under Ind AS 103 'Business Combinations'. Our opinion on the Standalone financial statements is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial statements.

Key Audit Matter	How the matter was addressed in our audit								
Acquisition accounting for the Composite Scheme of Arrangement and amalgamation ('Scheme') of Shriram Capital Limited (SCL) and Shriram City Union Finance Limited (SCUF) with the Company During the year, the Hon'ble National Company Law Tribunal, Chennai Bench ('NCLT') has approved the Composite Scheme of Arrangement and Amalgamation ('Scheme'), inter alia, involving amalgamation of Shriram Capital Limited (SCL) with its Remaining undertaking with the Company and amalgamation of Shriram City Union Finance Limited (SCUF) with its entire undertaking with the Company, vide order dated 9 November 2022 to be read with Corrigendum order dated 17 November 2022 effective from Appointed date of the Scheme being 1 April 2022. Accounting for the amalgamation has involved judgment in order to: - determine the fair value of consideration transferred; - identify and measure the fair value of the identifiable assets acquired and liabilities assumed; - allocate the purchase consideration between identifiable assets and liabilities, goodwill and Intangible assets (distribution network); This is a material acquisition for the Company and given the level of estimation and judgement required, we considered it to be a key audit matter. The most significant judgement relates to the identification and valuation of intangible assets acquired. The identified intangible assets are the distribution network. This includes complex valuation considerations and requires the use of specialists. (Reference to Notes 52 and 74 read with Statement of Accounting Policies Note 6.15 to the Standalone Financial Statements)	Audit procedures included but were not limited to the following: - Obtained an understanding of the Scheme and the transaction from the management and identified key terms relevant to the accounting for the transaction. - Read relevant parts of the approval obtained from NCLT and assessed the Company's conclusion as regard business combination accounting in accordance with Ind AS 103 with respect to the amalgamation. - We tested the completeness of the identified assets and liabilities acquired by comparison to the scheme of arrangement, through discussions with the Company. - We assessed the Company's determination of fair values for assets and liabilities acquired including intangible assets and the methods used to value the underlying assets by: - reading the valuation report prepared by the appointed external valuation specialists. - evaluating the competence, objectivity and integrity of the appointed external valuation specialists. - discussing with the external valuation specialists and management the appropriateness of the methods used to determine the fair values of distribution rights and including assumptions such as the discount rates applied. - evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.								
Impairment Loss Allowance of loans and advances (Reference to Note 12 read with Statement of Accounting Policies Note 6.1(xi) and Note No. 64 of the Other Notes forming part of Standalone Financial statements- Schedule to the Standalone Financial Statements) (in INR Crores) <table> <tr> <td>Gross Advances</td><td>1,83,338.42</td></tr> <tr> <td>Provisions*</td><td>11,353.84</td></tr> <tr> <td>Net Advances</td><td>171,984.58</td></tr> <tr> <td>COVID-19 Provisions*</td><td>1,107.49</td></tr> </table> (*COVID-19 Provisions - towards management overlay on account of COVID-19 is included in above provisions)	Gross Advances	1,83,338.42	Provisions*	11,353.84	Net Advances	171,984.58	COVID-19 Provisions*	1,107.49	Audit Procedures included but were not limited to the following: We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company. We also assessed whether the impairment methodology used by the Company is in accordance with the assumptions and methodology approved by the Board of Directors of the Company which is based on and in compliance with Ind AS 109 'Financial Instruments'.
Gross Advances	1,83,338.42								
Provisions*	11,353.84								
Net Advances	171,984.58								
COVID-19 Provisions*	1,107.49								

Key Audit Matter	How the matter was addressed in our audit
Significant estimates and judgment involved Key Audit Matter Reserve Bank of India has issued Master circular and other clarifications on Income Recognition and Asset Classification and Provisioning pertaining to Advances ('IRAC'). These guidelines prescribe the prudential norms for identifying and classifying of advances as Stage 3 / NPAs. The Company has applied significant judgement to determine the identification and classification of such assets as Stage 3 / NPAs by applying quantitative as well as qualitative factors. The risk of identification of such assets as Stage 3 / NPAs is affected by factors like stress and liquidity concerns of such assets. Impairment loss allowance of loans and advances ('Impairment loss allowance') is a Key Audit Matter as the Company has significant credit risk exposure considering the large loan portfolio across a wide geographical range. The value of loans and advances on the balance sheet is significant and there is a high degree of complexity and judgment involved in estimating individual and collective credit impairment provisions, write-offs against these loans and to additionally determine the asset quality and provision of the Company. The Company's model to calculate expected credit loss ('ECL') is inherently complex and judgment is applied in determining the correct construction of the three-stage impairment model ('ECL Model') including the selection and input of forward looking information. ECL provision calculation requires the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modelled impairment provisions. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.	Accordingly, we assessed the approach of the Company regarding definition of Default, Probability of Default (PD), Loss Given Default (LGD) and incorporation of forward-looking information for the calculation of ECL. For loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures: • We read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the IRAC norms; • We understood the design, reliability and operating effectiveness of key data inputs and related management controls; • We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the company; • We tested the identification / grouping of the loan accounts mapped with the customer code as identified by the management; • We tested the exception reports generated from the company's software systems where the loan accounts have been recorded; • We performed analytical procedures to identify possible cases of evergreening of loans and tested these on sample basis; • We checked the stage classification as at the balance sheet date as per the definition of Default of the Company and Reserve Bank of India circulars issued from time to time; • We validated the ECL Model and its calculation by involving our Information Technology Expert; • We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts; • We have verified whether the ECL provision is made in accordance with the Board Approved Policy in this regard; • We have also calculated the ECL provision manually for selected samples; • We have assessed the assumptions made by the Company in making accelerated provision considering forward looking information and based on an event in a particular geographical range; • With respect to management overlay made by the Company on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company; and • We have assessed disclosure requirements for classification and identification of Stage 3/ NPAs in accordance with RBI circulars including those issued specifically issued for COVID-19 related matters. • For loans and advances which are written off during the year under audit, we read and understood the methodology and policy laid down and implemented by the Company in this regards along with its compliance on sample basis.

Other Information

7. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.
8. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

10. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing

the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

12. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - 14.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - 14.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
 - 14.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by the Management.

- 14.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 14.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
19. As required by Section 143(3) of the Act, we report that:
 - 19.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 19.2 In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - 19.3 The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of accounts.
 - 19.4 In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - 19.5 On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - 19.6 With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
 - 19.7 In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.
20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

20.1. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Standalone Financial Statements – Refer Note 49 to the Standalone Financial Statements;

20.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 10 to the Standalone Financial Statements;

20.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

20.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding

Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 20.4 and 20.5 contain any material misstatement.

20.7. In our opinion and according to the information and explanations given to us,

a) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

b) As stated in Note 30 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

21. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 01 April 2023, reporting under this clause is not applicable.

For **Sundaram & Srinivasan**
Chartered Accountants

Firm Registration Number - 004207S

P Menakshi Sundaram

Partner

ICAI Membership Number: 217914

UDIN: 23217914BGWPCD9078

Place: Mumbai

Date: 27 April 2023

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Devang Doshi

Partner

ICAI Membership Number: 140056

UDIN: 23140056BGZQQK9518

Place: Mumbai

Date: 27 April 2023

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of Shriram Finance Limited (formerly Shriram Transport Finance Company Limited) for the year ended 31 March 2023

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE') and relevant details of right-of-use assets.
The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. Consequent to effect of scheme of amalgamation involving amalgamation of Shriram Capital Limited (after de-merger of few undertakings from the said Shriram Capital Limited) and Shriram City Union Finance Limited with the Company and change in the name of the company from Shriram Transport Finance Company Limited to Shriram Finance Limited, the Company is in process of applying for the name change in respect of its immovable properties.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Refer Note 87 to the standalone Financial Statements.
- ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.
- (b) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions on the basis of security of Loans. Based on our examination of the records of the Company, the quarterly returns/statements filed by the company with the said bank are in agreement with the books of accounts of the Company.
- iii. (a) The Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(a) of the Order is not applicable to it.
- (b) The Company, is a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934. In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.
- (c) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 and 64 to the Standalone Financial Statements for summarised

ANNEXURE 'A'

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

- (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and reports total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 and 64 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (e) Since the Company's principal business is to give loans, the provision of clause 3(iii)(e) of the Order is not applicable to it.
- (f) Based on our audit procedures and according to the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of the provisions of sections 185 and 186(1) of the Act, the other provision of the section 186 of the Act are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company being a NBFC registered with the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vi. The Central Government has not prescribed the maintenance of cost records under the sub-section (1) of Section 148 of the Act for any of the business activities carried out by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.
- vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' state Insurance, Income Tax, Goods and Services Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have dues which have not been deposited as on March 31, 2023, except for the following:

Name of the statute	Nature of dues	Amount* (Rs. In Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	0.04	A.Y. 2020-21	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	0.12	A.Y. 2018-19	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	13.63	A.Y. 2017-18	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	0.45	A.Y. 2014-15	Assessing Officer

Name of the statute	Nature of dues	Amount* (Rs. In Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	0.73	A.Y. 2014-15	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	1.20	A.Y. 2013-14	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.00	A.Y. 2012-13	Madras High Court
Income Tax Act, 1961	Income Tax demands	1.09	A.Y. 2012-13	Assessing Officer
Income Tax Act, 1961	Income Tax demands	5.88	A.Y. 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax demands	4.89	A.Y. 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax demands	3.86	A.Y. 2009-10	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.18	A.Y. 2008-09	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.22	A.Y. 2007-08	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.00	A.Y. 2006-07	Assessing Officer
Income Tax Act, 1961	Income Tax demands##	2.51	A.Y. 2021-22	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.02	A.Y. 2020-21	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.01	A.Y. 2018-19	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.16	A.Y. 2015-16	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands##	0.81	A.Y. 2014-15	Assessing Officer
Income Tax Act, 1961	Income Tax demands##	1.23	A.Y. 1997-98	Assessing Officer
Finance Act, 1994 (Service tax)	Service tax on interest on hypothecation loans	1,768.66	F.Y. 2005-06 to April 01, 2017 to June 30, 2017	Mumbai High Court
Finance Act, 1994 (Service tax)	Service tax demand on securitisation collection commission	192.88	F.Y. 2008-09 to 2014-2015	CESTAT (Custom, Excise and Service Tax Appellate Tribunal, Mumbai)
Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease transaction	208.79	1st March 2006 to 31st March 2010	Supreme Court

ANNEXURE 'A'

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

Name of the statute	Nature of dues	Amount* (Rs. In Crores)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service tax)	ST on Collection of receivables in respect of Securitisation/ Direct Assignment ##	36.30	1st April 2009 to 30th September 2014	CESTAT (Customs, Excise and Service Tax Appellate Tribunal, Chennai)
Finance Act, 1994 (Service tax)	Service Tax on Additional Finance Charge ##	40.57	1st October 2012 to 30th June 2017	CESTAT (Customs, Excise and Service Tax Appellate Tribunal, Chennai)
Maharashtra Value Added Tax	Value added tax	0.00#	F.Y. 2005-06	Maharashtra Sales Tax Tribunal – Pune
Andhra Pradesh Value Added Tax	Value added tax	0.00**	F.Y. 2010-11 to 2012-13	High court of Telangana – Hyderabad
Andhra Pradesh Value Added Tax	Value added tax	0.00**	F.Y. 2009-10 to 2010-11 and 1st April 2011 to 31st August 2012	High court of Telangana – Hyderabad
Andhra Pradesh Value Added Tax	Value added tax	3.48	F.Y. 2005-06 to 2008-09	High court of Andhra Pradesh – Vijaywada
Karnataka Value Added Tax	Value added tax	8.07	F.Y. 2010-11 to 2016-17	High court of Karnataka
Orissa Value Added Tax	Value added tax	0.09	F.Y. 2008-09 to 2012-13	DCCT – Bhubaneshwar
Telangana Value Added Tax	Value added tax	0.00**	F.Y. 2013-14 to 2016-17 and April 17 to June 17	High Court of Telangana
Tamil Nadu Value Added Tax	Value added tax	3.73	F.Y. 2014-15 to 2016-17 and April 17 to June 17	The Company is in the process of filing an appeal with Madras High Court.
Tamil Nadu Value Added Tax	Value added tax	2.90	F.Y. 2006-07 to 2013-14	Supreme Court – Delhi
Tamil Nadu Value Added Tax	Value added tax##	0.00\$	F.Y. 2014-15 to 2016-17 and April 17 to June 17	Appellate Tribunal, Chennai
Tamil Nadu Value Added Tax	Value added tax##	0.00\$	F.Y. 2007-08 to 2013-14	Supreme Court – Delhi
Kerala Value Added Tax	Value added tax##	0.05	F.Y. 2007-08	Dy. Commissioner (Appeals), Kerala

* Above amounts are net of amount paid under protest, wherever paid.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores

\$ Amounts where entire Disputed Tax amount is deposited is presented as Rs 0.00 crores

** Cases which are entered into Amnesty Scheme and awaiting for closure Orders are presented as Rs 0.00 crores as the entire Disputed Tax dues is settled.

Case added of Erstwhile Shriram City Union Finance Limited.

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)

- ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary parking in Cash credit account for a few days during the year, pending utilization towards the purpose for which the same are obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or associate. The Company does not have any joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary or associate. The Company does not have any joint venture.
- x. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any moneys raised by way of further public offer during the current financial year. In our opinion, monies raised by the Company by way of debt instruments and term loans were applied for the purposes for which those were obtained, though idle/ surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (b) In our opinion and according to the information and explanations given to us the Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to Rs. 0.59 Crores comprising of 4 instances.
- (b) No report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) for the period under audit, issued to the Company during the year till date, in determining the nature, timing and extent of our audit procedures in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".

ANNEXURE 'A'

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

- xv. According to the information and explanations given to us and in our opinion; during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act are not applicable to the Company.
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a CIC as defined in the regulations made by Reserve Bank of India.
- (d) According to the information and explanations given to us in the course of our audit, the Group to which the Company belongs has 4 CIC's as defined in the Core Investment Companies (Reserve Bank) Directions, 2016.
- xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Note 47 to the Standalone Financial statements which describe the maturity analysis of assets & liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub-section (5) of Section 135 of the Act pursuant to any ongoing projects.

For Sundaram & Srinivasan
Chartered Accountants

Firm Registration Number - 004207S

P Menakshi Sundaram

Partner

ICAI Membership Number: 217914

UDIN: 23217914BGWPCD9078

Place: Mumbai

Date: 27 April 2023

For KKC & Associates LLP

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Devang Doshi

Partner

ICAI Membership Number: 140056

UDIN: 23140056BGZQQK9518

Place: Mumbai

Date: 27 April 2023

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of Shriram Finance Limited (formerly Shriram Transport Finance Company Limited) for the year ended 31 March 2023

(Referred to in paragraph '19.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of Shriram Finance Limited (formerly Shriram Transport Finance Company Limited) ('the Company') as at 31 March 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

ANNEXURE 'B'

TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

STANDALONE ACCOUNTS

detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

For **Sundaram & Srinivasan**
Chartered Accountants

Firm Registration Number - 004207S

P Menakshi Sundaram
Partner
ICAI Membership Number: 217914
UDIN: 23217914BGWPCD9078
Place: Mumbai
Date: 27 April 2023

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Devang Doshi
Partner
ICAI Membership Number: 140056
UDIN: 23140056BGZQK9518
Place: Mumbai
Date: 27 April 2023

(Rs. in crores)			
Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	8	9,505.30	10,662.44
(b) Bank balance other than (a) above	9	6,312.11	5,692.72
(c) Derivative financial instruments	10	668.81	201.40
(d) Receivables	11		
(I) Trade receivables		17.00	5.35
(II) Other receivables		260.12	190.49
(e) Loans	12	171,984.58	116,665.15
(f) Investments	13	8,565.06	6,809.16
(g) Other financial assets	14	72.70	51.45
Total financial assets		197,385.68	140,278.16
(2) Non-financial assets			
(a) Current tax assets (net)	15	716.97	228.24
(b) Deferred tax assets (net)	43	1,743.92	869.38
(c) Investment property	16	2.62	1.97
(d) Property, plant and equipment	17	209.49	110.56
(e) Right-of-use assets	18	490.21	302.52
(f) Intangible assets under development	19A	66.08	-
(g) Goodwill	19B	1,406.73	-
(h) Other intangible assets	19B	1,217.65	3.04
(i) Other non-financial assets	20	424.51	312.22
Total non-financial assets		6,278.18	1,827.93
Total assets		203,663.86	142,106.09
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Payables	21		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		293.24	166.01
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.36	1.46
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.09	1.21
(b) Debt securities	22	43,652.59	41,256.55
(c) Borrowings (other than debt securities)	23	73,590.02	46,676.93
(d) Deposits	24	36,139.83	21,948.98
(e) Subordinated liabilities	25	4,523.85	4,614.25
(f) Lease liabilities	18	563.46	349.43
(g) Other financial liabilities	26	1,020.66	859.64
Total financial liabilities		159,785.10	115,874.48
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	27	160.89	36.82
(b) Provisions	28	211.48	138.18
(c) Other non-financial liabilities	29	199.75	124.42
Total non-financial liabilities		572.12	299.42
Total liabilities		160,357.22	116,173.90
(3) Equity			
(a) Equity share capital	30	374.43	270.52
(b) Other equity	31	42,932.21	25,661.67
Total equity		43,306.64	25,932.19
Total liabilities and equity		203,663.86	142,106.09

See accompanying notes to the financial statements

As per our report of even date

For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants

ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited

(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 27, 2023

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 27, 2023

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
New Delhi
April 27, 2023

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 27, 2023

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 27, 2023

U Balasundararao
Company Secretary
Mumbai
April 27, 2023

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

STANDALONE ACCOUNTS

(Rs. in crores)			
Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
(i) Interest income	32	28,607.36	18,646.26
(ii) Dividend income		6.52	-
(iii) Rental income		0.17	0.17
(iv) Fees and commission income	33	242.61	100.08
(v) Net gain on fair value changes	34	340.07	221.70
(vi) Net gain on derecognition of financial instruments under amortised cost category		224.46	217.74
(vii) Other operating income	35	350.97	69.22
(I) Total Revenue from operations		29,772.16	19,255.17
(II) Other Income	36	30.73	19.06
(III) Total Income (I + II)		29,802.89	19,274.23
Expenses			
(i) Finance cost	37	12,545.76	9,734.31
(ii) Fees and commission expenses	38	303.61	91.74
(iii) Impairment on financial instruments	39	4,159.17	3,860.86
(iv) Employee benefits expenses	40	2,506.11	997.09
(v) Depreciation, amortisation and impairment (Refer note 16,17 and 19)	41	524.18	135.37
(vi) Other expenses	42	1,579.17	905.61
(IV) Total Expenses		21,618.00	15,724.98
(V) Profit before exceptional items and tax (III - IV)		8,184.89	3,549.25
(VI) Exceptional items		-	-
(VII) Profit before tax (V + VI)		8,184.89	3,549.25
(VIII) Tax Expense:			
(1) Current tax	43	2,875.01	1,112.57
(2) Deferred tax	43	(680.96)	(188.93)
(3) Tax adjustment for earlier years	43	11.50	(82.32)
(IX) Profit for the year from continuing operations (VII - VIII)		5,979.34	2,707.93
(X) Profit for the year		5,979.34	2,707.93
(XI) Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(8.02)	(3.24)
Gain / (loss) on Fair valuation of quoted investments in equity shares		(11.80)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.99	0.82
Subtotal (A)		(14.83)	(2.42)
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge reserve			
Gain/(loss) on effective portion of hedging instruments in a cash flow hedge		(14.68)	(160.87)
(ii) Income tax relating to items that will be reclassified to profit or loss		3.69	40.49
Subtotal (B)		(10.99)	(120.38)
Other comprehensive income (A + B)		(25.82)	(122.80)
(XII) Total Comprehensive income for the year (X + XI)		5,953.52	2,585.13
(XIII) Earnings per equity share (face value Rs. 10/- per equity share)	44		
Basic (Rs.)		159.69	101.74
Diluted (Rs.)		158.99	101.74

See accompanying notes to the financial statements

As per our report of even date

For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants
ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited
(formerly Shriram Transport Finance Company Limited)

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Partner

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Mumbai
April 27, 2023

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DIN: 00052308
Mumbai
April 27, 2023

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 27, 2023

U Balasundararao
Company Secretary
Mumbai
April 27, 2023

A. Equity Share Capital

(1) Current Reporting Period

	Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current reporting period (Refer note 52)	Balance at the end of the current reporting period
As at March 31, 2022	270.52	-	270.52	103.91	374.43

(2) Previous Reporting Period

	Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
As at March 31, 2021	253.06	-	253.06	17.46	270.52

B. Other Equity

(1) Current Reporting Period

Particulars	Share Application Money Pending Allotment	Capital Reserve	Securities Premium	Statutory Reserve	Debt Redemption Reserve #	Capital Redemption Reserve	General Reserve	Other Reserves	Amalgamation Adjustment Reserves	Retained Earnings	Share Options Outstanding	Income on fair valuation of investments in equity shares	Effective Portion of Cash Flow Hedges	Money Received Against Share Warrants	Total
Balance at the beginning of the Current Reporting Period (As at April 01, 2022)	-	27.64	5,662.38	4,707.98	307.28	53.88	2,934.07	(12.08)	-	12,193.92	-	(213.40)	-	-	25,661.67
Changes in Accounting Policy/ Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of business combination (Refer note 52)	-	76.93	-	1,706.81	-	-	-	-	(1,706.81)	-	-	-	-	-	76.93
Restated balance at the beginning of the Current Reporting Period	-	104.57	5,662.38	6,414.79	307.28	53.88	2,934.07	(12.08)	(1,706.81)	12,193.92	-	(213.40)	-	-	25,738.60
Profit for the year	-	-	-	-	-	-	-	-	-	5,979.34	-	-	-	-	5,979.34
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(6.00)	-	5,979.34	-	(8.83)	(10.99)	-	(25.82)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(6.00)	-	5,979.34	-	(8.83)	(10.99)	-	5,953.52
Dividends (Interim)	-	-	-	-	-	-	-	-	-	(561.64)	-	-	-	-	(561.64)
Transferred to/ (from) (Refer note 31)	-	-	-	1,195.87	111.85	-	597.94	-	-	(1,988.41)	83.65	-	-	-	0.90
Any Other Change:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities Premium proceeds received on issue of Equity Shares (Refer note 30 and 31)	-	-	11,689.60	-	-	-	-	-	-	-	-	-	-	-	11,689.60
Expenses on Employee Stock Option Plan	-	-	-	-	-	-	-	-	-	-	164.56	-	-	-	164.56
Exercise of Employee Stock Option Plan	-	-	-	-	-	-	-	-	-	-	(53.33)	-	-	-	(53.33)
Transferred to/(from) (Refer note 31) on account of share forfeiture	-	-	-	-	-	-	0.04	-	-	-	(0.04)	-	-	-	-
Balance at the end of the Current Reporting Period (As at March 31, 2023)	-	104.57	17,351.98	7,610.66	419.13	53.88	3,532.05	(18.08)	(1,706.81)	15,623.21	194.84	(8.83)	(224.39)	-	42,932.21

STANDALONE STATEMENT OF CHANGES IN EQUITY

STANDALONE ACCOUNTS

(2) **Previous Reporting Period**

Particulars		Share Application Money Pending Allotment	Reserves And Surplus							Other Comprehensive Income	Money Received Against Share Warrants	Total			
			Capital Reserve	Securities Premium	Statutory Reserve	Debenture Redemption Reserve #	Capital Redemption Reserve	General Reserve	Remeasurement Gain/ (Loss) On Defined Benefit Plan				Retained Earnings	Share Options Out standing	Amalgamation Adjustment Reserves
					</										

Refer note 31 - Other equity
See accompanying notes to the financial statements

As per our report of even date
For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan
Chartered Accountants
ICAI Firm Registration No.: 004207S

Devang Doshi
Partner
Membership No.: 140056
Mumbai
April 27, 2023

P Menakshi Sundaram
Partner
Membership No.: 217914
Mumbai
April 27, 2023

Jugal Kishore Mohapatra
Chairman
DIN: 03190289
New Delhi
April 27, 2023

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 27, 2023

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 27, 2023

U Balasundarao
Company Secretary
Mumbai
April 27, 2023

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8,184.89	3,549.25
Depreciation, amortisation and impairment	524.18	135.37
Interest on income tax refund	(14.66)	-
Share based payments to employees	164.56	-
Interest income on loans	(27,504.20)	(18,054.67)
Finance costs	12,545.76	9,734.31
Loss/(profit) on sale of property plant and equipment (net)	1.00	0.79
Fair value adjustments to investments	1.85	-
Impairment on loans	4,128.79	3,865.02
Impairment on investments	4.70	(2.00)
Impairment on undrawn loan commitment	(0.40)	(4.00)
Impairment on other assets	26.08	1.84
Net (gain)/loss on fair value changes on investment	(373.62)	(236.83)
Net (gain)/loss on fair value changes on direct assignment	33.55	15.13
Net gain on derecognition of financial instruments under amortised cost category	(224.46)	217.74
Cash inflow from interest on loans	26,319.90	18,006.70
Cash outflow towards finance costs	(11,207.40)	(8,588.09)
Operating profit before working capital changes	12,610.52	8,640.56
Movements in working capital:		
Decrease/(increase) in loans	(27,674.73)	(12,179.16)
Decrease/(increase) in investments	1,333.02	(3,372.48)
Decrease/(increase) in receivables	173.38	(369.88)
Decrease/(increase) in bank deposits	776.09	(301.83)
Decrease/(increase) in other financial assets	(20.12)	(4.26)
Decrease/(increase) in other non-financial assets	101.69	(16.85)
Increase/(decrease) in payables	66.16	13.51
Increase/(decrease) in other financial liabilities	(38.96)	(138.25)
Increase/(decrease) in non-financial liabilities	0.14	25.16
Increase/(decrease) in other provision	55.99	(3.60)
Cash used in operations	(12,616.82)	(7,707.08)
Direct taxes paid (net of refunds)	(3,224.51)	(1,151.94)
Net cash flows from/(used in) operating activities (A)	(15,841.33)	(8,859.02)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(183.60)	(35.75)
Proceeds from sale of property, plant and equipment and intangible assets	3.54	1.42
Net cash generated from/(used in) investing activities (B)	(180.06)	(34.33)

STANDALONE **CASH FLOW STATEMENT**
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

STANDALONE ACCOUNTS

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including share premium and net of share issue expenses)	12.16	2,478.57
Proceeds/(repayment) on settlement of derivative contracts	(467.41)	(32.15)
Increase/(decrease) in fixed deposits (net)	6,778.56	5,443.14
Amount received from debt securities	9,194.70	16,637.86
Repayment of debt securities	(13,992.22)	(16,203.36)
Proceeds/(repayment) of subordinated debts	(136.34)	(50.32)
Amount received from borrowings other than debt securities	61,633.95	41,477.93
Repayment of borrowings other than debt securities	(52,625.02)	(40,280.10)
Payment of lease liabilities	(188.73)	(114.90)
Dividend paid	(562.80)	(851.81)
Net cash generated from/(used in) financing activities (C)	9,646.84	8,504.86
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(6,374.55)	(388.49)
Cash and cash equivalents at the beginning of the year	10,662.44	11,050.93
Cash and bank balances taken over on account of amalgamation	5,217.41	-
Cash and cash equivalents at the end of the year	9,505.30	10,662.44

Components of cash and cash equivalents	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents at the end of the year		
i) Cash on hand	153.43	95.05
ii) Cheques on hand	4.87	5.56
iii) Balances with banks (of the nature of cash and cash equivalents)	3,923.23	2,654.78
iv) Call money (CBLO)	499.72	3,198.60
v) Bank deposit with original maturity upto three months or less	4,924.05	4,708.45
Total	9,505.30	10,662.44

The above Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
See accompanying notes to the financial statements

As per our report of even date

For KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants

ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited

(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 27, 2023

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 27, 2023

Jugal Kishore Mohapatra
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DIN: 03190289
New Delhi
April 27, 2023

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 27, 2023

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 27, 2023

U Balasundararao
Company Secretary
Mumbai
April 27, 2023

1 CORPORATE INFORMATION

Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares and non-convertible debentures are listed on BSE Limited and National Stock Exchange of India Limited.

The Company is registered with the Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA) and Insurance Regulatory and Development Authority of India (IRDA). The registration details are as follows:

RBI	07-00459
Corporate Identity Number (CIN)	L65191TN1979PLC007874
IRDA	CA0197

Shriram Capital Private Limited (formerly Shriram Financial Ventures (Chennai) Private Limited) and Shriram Ownership Trust are the Promoters of the Company. The Company is a Deposit Accepting Non-Banking Finance Company ('NBFC'), NBFC-Investment and Credit Company (NBFC-ICC) holding a Certificate of Registration from the RBI dated April 17, 2007 which was endorsed in the new name on January 31, 2023. The RBI, under Scale Based Regulations (SBR) had categorised the Company in Upper Layer (NBFC-UL) vide its circular dated September 30, 2022.

The registered office of the Company is Sri Towers, 14A, South Phase, Industrial Estate, Guindy, Chennai, Tamil Nadu- 600 032. The principal place of business is Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai, Maharashtra - 400 051.

The Company is primarily engaged in the business of financing commercial vehicles, passenger vehicles, construction equipment, farm equipment, micro, small and medium enterprises, two-wheelers, gold and personal loans.

Pursuant to the Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT") approval of the Composite Scheme of Arrangement and Amalgamation, Shriram Capital Limited (SCL) with its remaining undertaking and Shriram City Union Finance Limited (SCUF) with its entire undertaking amalgamated with the Company.

The financial statements of the Company for the year ended March 31, 2023 were approved for issue in accordance with the resolution of the Board of Directors on April 27, 2023.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under the Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards, except for the assets and liabilities acquired under business combination are measured at fair value. The financial statements have been prepared as per the guidelines issued by the RBI as applicable to a NBFCs and other accounting principles generally accepted in India. Any applicable guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

The regulatory disclosures as required by Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the RBI are prepared as per the Ind AS financial statements, pursuant to the RBI notification on Implementation of Indian Accounting Standards, dated March 13, 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (refer note 6.1 (xi)).

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees in crores (INR crores or Rs. in crores) which is also the functional currency of the Company and all values are rounded to the nearest crore, except when otherwise indicated.

3 PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to Non-banking Finance Companies (NBFCs), as notified by the MCA. The Statement of Cash Flows is presented as per the requirements of Ind AS 7 - Statement of Cash Flows. The Company classifies its assets and liabilities as financial and non-financial and presents them in the order of liquidity. An analysis regarding expected recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in notes to the financial statements. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

4 STATEMENT OF COMPLIANCE

These standalone or separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

The Company has consistently applied accounting policies to all the periods except for note 6.1 (xi).

5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE/ RECENT ACCOUNTING DEVELOPMENTS

MCA notifies new standards or amendments to the existing standards. During year ended March 31, 2023, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 which was effective from April 01, 2022.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss

The classification depends on the contractual terms of the cashflows of the financial assets and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

- ▶ The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.
- ▶ At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business model/ (s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments

These financial assets comprise bank balances, loans, trade receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. However, trade receivables that do not contain a significant financing component are initially measured at transaction price.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Statement of Profit and Loss. As at the reporting date, the Company does not have any debt instruments measured at fair value through other comprehensive income.

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the

definition of Equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrument-by-instrument basis. Amounts presented in other comprehensive income are not subsequently transferred to the Statement of Profit and Loss. Dividends on such investments are recognised in the Statement of Profit and Loss.

The Company has accounted for its investment in subsidiary at fair value at the time of acquisition due to business combination. The investment is subsequently measured at cost.

(iv) Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Statement of Profit and Loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the Statement of Profit and Loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments specifically designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

As at the reporting date the Company does not have any financial instruments specifically designated as measured at fair value through profit or loss.

Debt instruments with contractual terms that do not represent solely payments of principal and interest

Debt instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Statement of Profit and Loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

As at the reporting date the Company does not have any debt instruments measured at fair value through profit or loss.

Equity Investments

Investment in Associate is carried at cost in the Separate Financial Statements as permitted under Ind AS 27. The Company has accounted for its investment in subsidiary at fair value at the time of acquisition due to business combination. The investment is subsequently measured at cost. All other equity investments are measured at fair value through profit or loss.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Company has not designated any financial liability as measured at fair value through profit or loss.

(v) Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain on fair value changes.

Hedge accounting

The Company has adopted hedge accounting. The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria. The Company has formally designated and documented the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect the Statement of Profit and Loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in other comprehensive income as cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

(vi) Embedded Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(viii) Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss.

- ▶ The premium is recognised in the Statement of Profit and Loss on a straight-line basis over the life of the guarantee.

(ix) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in FY 2021-22 and until the year ended March 31, 2023.

(x) Recognition and Derecognition of financial assets and liabilities

Recognition

- a) Loans and Advances are initially recognised when the funds are transferred to the customer's account or delivery of assets by the dealer, whichever is earlier.
- b) Investments are initially recognised on the settlement date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
- d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that 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.

Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The 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:

- i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i. 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.
- ii. The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- iii. 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:

- i. The Company has transferred substantially all the risks and rewards of the asset, or
- ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Profit and Loss. Accordingly, gain or loss on sale or derecognition of assigned portfolio are recorded upfront in the Statement of Profit and Loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ('MRR'). Therefore, it continues to recognise the portion retained by it as MRR.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss. As at the reporting date, the Company does not have any financial liabilities which have been derecognised.

(xi) Impairment of financial assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss (FVTPL), together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Secured Loans for New Vehicles, Secured Loans for Used Vehicles, Gold loans, MSME Loans, Two Wheelers Loans and Personal Loans.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL

is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for e.g. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

As required by RBI Circular reference no. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/ FY 2019-20 dated March 13, 2020; where impairment allowance under Ind AS 109 is lower than the provisioning required as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc., the Company shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated November 12, 2021, borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset / Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset / Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

The Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly the change in accounting policy is effective from financial year 2021-22 and impact on financials is disclosed in note 81B.

Upgradation of accounts classified as Stage 3/Non-performing assets (NPA) - The Company upgrades loan accounts classified as Stage 3/ NPA to 'standard' asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the Company in this regard. With regard to upgradation of accounts classified as NPA due to restructuring, the instructions as specified for such cases as per the said RBI guidelines shall continue to be applicable.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) The disappearance of an active market for a security because of financial difficulties.

ECL on Investment in Government securities

The Company has invested in Government of India loans. Investment in Government securities are classified under stage 1. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

ECL on Loans secured by the Company's fixed deposit

No ECL has been applied on loans given against the Company's fixed deposit as they are fully secured by the Company's fixed deposits.

Simplified approach for trade/ other receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates. For trade receivables that contain a significant financing component a general approach is followed.

Financial guarantee contracts

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss, and the ECL provision. For this purpose, the Company estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts, if any, are recognised within Provisions.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the Statement of Profit and Loss. The accumulated loss recognised in OCI is recycled to the Statement of Profit and Loss upon derecognition of the assets. As at the reporting date, the Company does not have any debt instruments measured at fair value through OCI.

Undrawn loan commitments

When estimating ECL for undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown. The Company discloses ECL allowance on undrawn loan commitments under the head 'Provisions' under non-financial liabilities.

The mechanics of ECL

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 55.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 55.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 55.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. Macro-economic regression models are built to identify the key macro-economic factors (independent variables) that drive the default rates. The best possible single variable linear regression model is identified basis the R-square and the economic intuition of the relationship between the independent variable and the default rates.

The Company considers various external factors such as GDP growth, Inflation, weighted average lending rate of Scheduled Commercial Banks etc., as macro-economic factors affecting the Company's ECL estimates and the most relevant macro-economic factor affecting the particular loan product is factored in while arriving at the PD of that product. The Company formulated three different macro-economic stress scenarios under the premise of mild stress, medium stress and severe stress condition. The medium stress scenario largely reflected the current economic conditions, and accordingly was used for ECL modelling.

On a periodic basis, the Company monitors the situation and economic factors affecting the operations of the company and assesses the requirement of any modification to ECL model.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. 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 values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. The Company generally does not use the assets repossessed for the internal operations. The underlying loans in respect of which collaterals have been repossessed and not sold for more than 6 months are considered as Stage 3 assets and fully provided for net of estimated realisable value or written off. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards and consequently the Company also does not derecognise the underlying financial asset immediately on repossession. The change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 81A.

Restructured loans

The Company is permitted to restructure customer accounts. Restructuring would normally involve modification of terms of the advances/ securities, which would generally include, among others, alteration of payment period/ payable amount/ the amount of instalments/ rate of interest/ sanction of additional credit facility/ release of additional funds for a customer account. The Company considers the modification of the loan only before the loans gets credit impaired. In case of restructuring, the accounts classified as 'standard' shall be immediately downgraded as non-performing assets/ Stage 3 unless and other wise explicitly stated in the Circulars and Directions issued by Reserve Bank of India from time to time. Once an asset has been classified as restructured, it will remain restructured for a period of one year from the date on which it has been restructured until the customer account demonstrates satisfactory performance during the specified period.

For upgradation of accounts classified as Non-Performing Assets due to restructuring, the instructions as specified for such cases as per the said RBI guidelines shall continue to be applicable.

Loan accounts which have been restructured or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020- Resolution Framework for COVID-19 related Stress and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021- Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and RBI/2020-21/17 DOR. No.BP.BC/4/21.04.048/2020-21- dated August 06, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances and RBI/2021-22/32 DOR. STR.REC.12/21.04.048/2021-22 dated May 05, 2021 Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) have been classified as Stage 2 due to significant increase in credit risk.

(xii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss. Write off in case of standard accounts is done by way of waiver of last one or two instalments in case the borrower pays all the EMIs as per the due dates mentioned in the agreement.

(xiii) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 6.1 (iii) to 6.1 (vi)) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the 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 financial instruments 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 financial instruments 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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those financial instruments that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the Statement of Profit and Loss when the inputs become observable, or when the instrument is derecognised.

6.2 Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets measured at amortised cost other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of ECL provision) of the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

Interest spread under par structure of direct assignment of loan receivables is recognised upfront. On derecognition of the loan receivables in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised upfront in the Statement of Profit and Loss.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at the amount of transaction price (net of variable consideration) allocated to that performance obligation based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects

to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(v) Net gain/loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note 34), held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in 'Net gains on fair value changes' under Revenue from operations and if there is a net loss the same is disclosed under 'Expenses' in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt or equity instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Company does not have any debt instruments measured at FVOCI.

(vi) Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation basis.

(vii) Net gain/ loss on derecognition of financial instruments under amortised cost category

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on derecognition of such financial asset previously carried under amortisation cost category is presented separately under the respective head in the Statement of Profit and Loss. The resulting interest only strip initially is recognised at FVTPL under interest income.

6.3 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the financial liability.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such

contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to the Trustees - Shriram Transport Finance Company Limited Employees' Group Gratuity Assurance Scheme and Shriram City Union Finance Limited Employees' Group Gratuity Assurance Scheme. The merger of the two trusts and subsequent change of name of the trusts to Shriram Finance Limited Employees Group Gratuity Assurance Scheme is under process. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

Employee Stock Options

Eligible employees in terms of the Employees Stock Options Scheme of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Share Option Outstanding Reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense/ vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest.

(iii) Leases

The Company as a lessee

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019 (transition date). The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. For arrangements entered into prior to April 01, 2019, the Company has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate at the transition date in case of leases existing as on the date of transition date and in case of leases entered after transition date, incremental borrowing rate as on the date of lease commencement date. In case of existing leases, the said date would be the date of transition. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term. The Company's lease asset class consist of leases for office premises.

In case of a sub-lease, the Company accounts for its head lease and sub-lease separately.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

(iv) Other income and expenses

All other income and expense are recognised in the period they occur.

(v) Impairment of non-financial assets, wherever applicable

The Company assesses at each balance sheet date whether there is any indication that an non-financial asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised 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 asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/ value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(vii) Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013 final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

6.4 Foreign currency translation

(i) Functional and presentational currency

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Initial recognition

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cheques on hand, balances with banks (of the nature of cash and cash equivalents). CBLO and short-term deposits, as defined above.

6.6 Property, plant and equipment

Property, plant and equipment (PPE) are carried at historical cost of acquisition less accumulated depreciation and accumulated impairment losses, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, if it is probable that future economic benefit will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	5 years	5 years
Electronic equipment	5 years	5 years
Office equipment	5 years	5 years
Refrigerator	5 years	5 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the Statement of Profit and Loss in the year the asset is derecognised.

Depreciation on assets acquired/ sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Statement of Profit and Loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software and distribution network with definite life and goodwill with indefinite life.

Goodwill is not subject to amortisation and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses. The Company has determined the useful life of the intangible asset in the nature of branch network acquired through the scheme of amalgamation and started amortising the same over its useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

6.9 Ind AS 101 - First-time Adoption of Indian Accounting Standards

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, intangible assets and investment property as at March 31, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, intangible assets and investment property as on April 01, 2017.

6.10 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

6.11 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each Balance Sheet date.

6.12 Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence 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. Contingent assets are not recognised nor disclosed in the financial statements. They are disclosed only when an inflow of economic benefits is probable. Contingent assets are reviewed at each Balance Sheet date.

6.13 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.14 Cash flow Statement

Cash flows are reported under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are prepared for the operating, investing and financing activities of the Company.

6.15 Business Combination

The Company applies the acquisition method of accounting for business combinations where common control does not exist. The consideration transferred by the Company for the acquisition of business comprises of fair value of the assets transferred, liabilities incurred, and the equity interests issued by the Company as at the acquisition date i.e. the date on which it obtains the control of the acquiree. The acquisition related costs are recognised in the statement of profit and loss as incurred, except to the extent related to the issue of debt or equity securities.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Intangible assets acquired in a business combination and recognised separately from Goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets as well as Goodwill acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, respectively.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired. After initial recognition, Goodwill is tested annually for impairment and any impairment loss for Goodwill is recognised in the statement of profit and loss.

Distribution network is the value of the transferor company's branch network. Valuation of Distribution Network is as per With & Without Method.

If the consideration transferred is less than the fair value of net identifiable assets acquired, the difference is recognised as capital reserve in other equity.

Further details and impact of this merger on financial statements of the Company is disclosed in note 52.

7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of 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 or fair value through other comprehensive income 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 assets.

7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.3 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The impairment loss on loans and advances is disclosed in more detail in Note 6.1(xi) Overview of ECL principles.

7.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance sheet date and revised to take account of changing facts and circumstances.

7.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

7.7 Estimating the incremental borrowing rate

The Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to for its incremental borrowings.

7.8 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc. The Company has determined the useful life of the intangible asset in the nature of branch network acquired through the scheme of amalgamation and started amortising the same over its useful life by making a suitable change in the accounting estimate.

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
8	CASH AND CASH EQUIVALENTS		
	Cash on hand	153.43	95.05
	Balances with banks (of the nature of cash and cash equivalents)	3,923.23	2,654.78
	Cheques on hand	4.87	5.56
	Others		
	- Call money (CBLO)	499.72	3,198.60
	- Bank deposit with original maturity upto three months or less	4,924.05	4,708.45
	Total	9,505.30	10,662.44

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft, therefore the cash and cash equivalents for cash flow statement is same as cash and for cash equivalents given above.

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
9	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
	Earmarked balances with banks for		
	- Unclaimed dividend accounts	8.63	9.72
	Bank deposit with original maturity for more than three months	478.95	574.16
	Balances with banks to the extent held as credit enhancement or security against the borrowings, guarantees, other commitments*	5,824.53	5,108.84
	Total	6,312.11	5,692.72

Fixed deposit and other balances with banks earns interest at fixed rate.

*Includes deposits Rs. 4,857.80 crores (March 31, 2022: Rs. 4,829.26 crores) pledged with Banks as margin for credit enhancement, Rs. 4.01 (March 31, 2022: Rs. 33.30 crores) as margin for guarantees and Rs. 962.72 crores (March 31, 2022: Rs. 246.28 crores) pledged as lien against borrowings.

10 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The Company had adopted hedge accounting.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

		(Rs. in crores)							
		As at March 31, 2023				As at March 31, 2022			
Particulars		Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
Part I									
(i)	Currency derivatives:								
	- Spots and forwards	16,864.26	(193.57)	-	-	17,040.59	97.84	-	-
	- Currency swaps	2,715.93	121.65	-	-	2,320.47	(276.95)	-	-
	- Cross currency interest rate swaps	3,229.67	588.33	-	-	3,408.70	364.13	-	-
	Sub total (i)	22,809.86	516.41	-	-	22,769.76	185.02	-	-

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

		(Rs. in crores)							
		As at March 31, 2023				As at March 31, 2022			
Particulars		Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
(ii) Interest rate derivatives:									
- Interest rate swaps		-	35.75	-	-	14,049.63	3.18	-	-
- Interest rate caps		17,230.41	116.65	-	-	-	13.20	-	-
Sub total (ii)		17,230.41	152.40	-	-	14,049.63	16.38	-	-
(iii) Credit derivatives:		-	-	-	-	-	-	-	-
(iv) Equity linked derivatives:		-	-	-	-	-	-	-	-
(v) Other derivatives:		-	-	-	-	-	-	-	-
Total Derivative financial instruments (i)+(ii)+(iii)+(iv)+(v)		40,040.27	668.81	-	-	36,819.39	201.40	-	-
Part II									
	Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
(i) Fair value hedging:		-	-	-	-	-	-	-	-
(ii) Cash flow hedging:									
- Currency derivatives		22,809.86	516.41	-	-	22,769.76	185.02	-	-
- Interest rate derivatives		17,230.41	152.40	-	-	14,049.63	16.38	-	-
(iii) Net investment hedging:		-	-	-	-	-	-	-	-
(iv) Undesignated derivatives		-	-	-	-	-	-	-	-
Total Derivative financial instruments (i)+(ii)+(iii)+(iv)		40,040.27	668.81	-	-	36,819.39	201.40	-	-

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in note 55.

Derivatives designated as hedging instruments

The Company designates its derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Derivatives not designated as hedging instruments

There are no undesignated derivatives.

Notes:

- 1) The interest rate risk and exchange rate risk on the borrowings of the Company are managed using various derivative instruments which are entered into from time to time. The risk management strategy and the use of derivatives are explained in note 55 and note 97.
- 2) The Company has designated the interest rate derivatives which were entered to mitigate interest rate risks on its external commercial bond and external commercial borrowings, as hedging instruments.

The impact of the hedging instrument on the Balance Sheet is as follows:

(Rs. in crores)

	As at March 31, 2023				As at March 31, 2022			
	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the year	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the year
Hedged Instrument								
Currency derivatives/ Interest rate derivatives	40,040.27	668.81	Derivative Financial Instruments	(14.68)	36,819.39	201.40	Derivative Financial Instruments	160.87

The impact of hedged items on the Balance sheet is as follows:

(Rs. in crores)

	As at March 31, 2023		As at March 31, 2022	
	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on March 31, 2023	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on March 31, 2022
Hedged Item				
External commercial bond and External commercial borrowings	14.68	(224.39)	(160.87)	(213.40)

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

(Rs. in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Hedged Item	External commercial bond and external commercial borrowings	
Total hedging gain / (loss) recognised in OCI	(14.68)	(160.87)
Ineffectiveness recognised in the statement of profit and loss	-	-
Line item in the statement of profit and loss that include the hedge ineffectiveness	NA	NA
Amount reclassified from cash flow hedge reserve to the statement of profit and loss	-	-
Line item in the statement of profit and loss that includes the reclassification adjustment	NA	NA

11 RECEIVABLES

(I) Trade receivables

(Rs. in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	17.00	5.35
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Gross carrying amount	17.00	5.35
Less: Allowances for impairment loss on trade receivables considered good - unsecured	-	-
Less: Allowances for impairment loss on credit impaired trade receivables	-	-
Net carrying amount	17.00	5.35

Trade receivables ageing

As at March 31, 2023

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	17.00	-	-	-	-	17.00
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
Gross carrying amount	-	-	17.00	-	-	-	-	17.00

11 RECEIVABLES (Contd.)

As at March 31, 2022

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	5.35	-	-	-	-	5.35
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
Gross carrying amount	-	-	5.35	-	-	-	-	5.35

The Company's impairment assessment and measurement approach for trade receivables is mentioned at Note 6.1(xi) of significant accounting policies.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

There are no dues from Directors or other officers of the Company or any firm or private company in which any Director is a partner, a Director or a member.

(II) Other receivables

(Rs. in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Other receivables considered good - secured	-	-
Other receivables considered good - unsecured *	204.86	190.49
Other receivables which have significant increase in credit risk	49.56	-
Other receivables - credit impaired	30.18	2.61
Gross carrying amount	284.60	193.10
Less: Allowances for impairment loss on other receivables considered good - unsecured	6.35	-
Less: Allowances for impairment loss on other receivables which have significant increase in credit risk	4.17	-
Less: Allowances for impairment loss on credit impaired other receivables	13.96	2.61
Net carrying amount	260.12	190.49

*Includes receivable from subsidiary Rs. 0.01 crores (March 31, 2022: Rs. Nil).

There are no dues from Directors or other officers of the Company or any firm or private company in which any Director is a partner, a Director or a member.

11 RECEIVABLES (Contd.)

(Rs. in crores)									
Other receivables days past due		Unbilled	Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
Estimated total gross carrying amount at default	As at March 31, 2023	269.14	0.17	11.90	0.17	0.21	3.01	-	284.60
Less: ECL-simplified approach		21.09	0.17	-	-	0.21	3.01	-	24.48
Net carrying amount		248.05	-	11.90	0.17	-	-	-	260.12
Estimated total gross carrying amount at default	As at March 31, 2022	-	189.16	2.78	0.01	-	0.85	0.30	193.10
Less: ECL-simplified approach		-	-	1.45	0.01	-	0.85	0.30	2.61
Net carrying amount		-	189.16	1.33	-	-	-	-	190.49

Reconciliation of impairment loss allowance on other receivables:

		(Rs. in crores)
Particulars		Amount
Impairment allowance measured as per simplified approach		
Impairment allowance as per March 31, 2021		1.88
Add: Addition during the year		1.00
(Less): Reduction during the year		(0.27)
Impairment allowance as per March 31, 2022		2.61
Add: Addition during the year		21.88
(Less): Reduction during the year		(0.01)
Impairment allowance as per March 31, 2023		24.48

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
12 LOANS			
Loans (at amortised cost)			
(A)			
i) Term loans		171,702.30	123,999.00
ii) Others @		11,636.12	1,700.03
Total (A) - Gross		183,338.42	125,699.03
Less : Impairment loss allowance (Refer note 64)		11,353.84	9,033.88
Total (A) - Net		171,984.58	116,665.15

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
12	LOANS (Contd.)		
(B)			
i) Secured by tangible assets		171,671.86	123,981.87
ii) Secured by deposits		30.44	17.13
iii) Unsecured		11,636.12	1,700.03
Total (B) - Gross		183,338.42	125,699.03
Less : Impairment loss allowance (Refer note 64)		11,353.84	9,033.88
Total (B) - Net		171,984.58	116,665.15
(C)			
Loans outside India		-	-
Loans in India			
i) Public sector		-	-
ii) Others			
Retail		182,341.86	125,285.30
Corporates		996.56	413.73
Total (C) - Gross		183,338.42	125,699.03
Less : Impairment loss allowance (Refer note 64)		11,353.84	9,033.88
Total (C) - Net		171,984.58	116,665.15

There are no loans measured at FVOCI or FVTPL or designated at FVTPL.

@ includes unsecured working capital loans, loans to employees, trade advances, personal loans, loans to MSME and part disbursement to customers.

Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 55.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 55.02.02.07.

					(Rs. in crores)			
Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Internal rating grade								
Performing								
High grade	126,447.61	-	-	126,447.61	85,781.86	-	-	85,781.86
Standard grade	29,172.33	-	-	29,172.33	17,711.12	-	-	17,711.12
Sub-standard grade	-	12,363.44	-	12,363.44	-	8,511.97	-	8,511.97
Past due but not impaired	-	3,972.86	-	3,972.86	-	4,806.53	-	4,806.53
Non- performing	-	-	11,382.18	11,382.18	-	-	8,887.55	8,887.55
Total	155,619.94	16,336.30	11,382.18	183,338.42	103,492.98	13,318.50	8,887.55	125,699.03

12 LOANS (Contd.)

An analysis of changes in the gross carrying amount as follows:

Particulars	Year ended March 31, 2023				Year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rs. in crores)							
Gross carrying amount opening balance	103,492.98	13,318.50	8,887.55	125,699.03	93,915.66	13,983.12	8,292.81	116,191.59
Portfolio additions on account of Business Combination	26,100.37	3,652.01	836.81	30,589.19	-	-	-	-
Restated Balance as on April 01, 2022	129,593.35	16,970.51	9,724.36	156,288.22	93,915.66	13,983.12	8,292.81	116,191.59
New assets originated or purchased	101,779.74	8,131.66	1,937.11	111,848.51	54,151.77	5,925.28	1,731.40	61,808.45
Assets derecognised or repaid (excluding write offs and includes interest accruals adjusted)	(69,111.38)	(8,996.14)	(4,076.44)	(82,183.96)	(40,462.98)	(6,026.81)	(3,091.93)	(49,581.72)
Transfers to stage 1	11,892.10	(9,874.75)	(2,017.35)	-	10,616.77	(8,891.78)	(1,724.99)	-
Transfers to stage 2	(11,838.57)	12,704.98	(866.41)	-	(10,291.06)	10,849.87	(558.81)	-
Transfers to stage 3	(5,847.04)	(2,472.24)	8,319.28	-	(3,544.42)	(2,299.79)	5,844.21	-
Amounts written off	(848.26)	(127.72)	(1,638.37)	(2,614.35)	(892.76)	(221.39)	(1,605.14)	(2,719.29)
Gross carrying amount closing balance	155,619.94	16,336.30	11,382.18	183,338.42	103,492.98	13,318.50	8,887.55	125,699.03

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2023				Year ended March 31, 2022			
	General approach				General approach			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,381.35	1,211.03	4,441.50	9,033.88	3,046.35	1,356.07	3,486.13	7,888.55
New assets originated or purchased	2,719.46	641.75	729.33	4,090.54	1,735.00	628.10	754.40	3,117.50
Transfers to stage 1	1,743.97	(875.77)	(868.20)	-	1,628.92	(891.41)	(737.51)	-
Transfers to stage 2	(385.25)	755.51	(370.26)	-	(335.64)	574.88	(239.24)	-
Transfers to stage 3	(200.23)	(212.90)	413.13	-	(118.19)	(241.53)	359.72	-
Impact on year end ECL of exposures transferred between stages during the year and reversal of ECL on account of recovery	(2,435.63)	(242.02)	2,781.60	103.95	(1,682.33)	6.31	2,423.13	747.11
Provision no longer required	(282.37)	(172.33)	(1,419.83)	(1,874.53)	(892.76)	(221.39)	(1,605.13)	(2,719.28)
ECL allowance - closing balance	4,541.30	1,105.27	5,707.27	11,353.84	3,381.35	1,211.03	4,441.50	9,033.88

The contractual amount outstanding on loans that have been written off during the financial year, but were still subject to enforcement activity was Rs. 1,463.57 crores (Rs. 1,689.33 crores for March 31, 2022).

13 INVESTMENTS

Particulars	As at March 31, 2023					As at March 31, 2022				
	Amotised Cost	At Fair value Through OCI	At Fair value Through profit or loss	Others (at cost)	Total	Amotised Cost	At Fair value Through OCI	At Fair value Through profit or loss	Others (at cost)	Total
i) Investments in mutual funds	-	-	512.31	-	512.31	-	-	1,523.02	-	1,523.02
ii) Investments in government securities (Refer note 67)	5,219.92	-	-	-	5,219.92	3,154.39	-	-	-	3,154.39
iii) Investments in equity instruments	-	63.35	25.40	-	88.75	-	-	23.89	-	23.89
iv) Investments in associate (at cost) (Refer note 45)	-	-	-	13.37	13.37	-	-	-	13.37	13.37
v) Investments in pass through certificates (unquoted)	1,207.71	-	-	-	1,207.71	1,106.88	-	-	-	1,106.88
vi) Investments in certificate of deposits	-	-	-	-	-	-	-	822.29	-	822.29
vii) Investments in commercial papers	-	-	-	-	-	199.79	-	-	-	199.79
viii) Investment in subsidiary (Refer note 45)	-	-	-	1,562.24	1,562.24	-	-	-	-	-
ix) <u>Others</u> Venture Capital Fund	-	-	1.53	-	1.53	-	-	1.53	-	1.53
Total Gross (A)	6,427.63	63.35	539.24	1,575.61	8,605.83	4,461.06	-	2,370.73	13.37	6,845.16
i) Investments outside India	-	63.35	-	-	63.35	-	-	-	-	-
ii) Investments in India	6,427.63	-	539.24	1,575.61	8,542.48	4,461.06	-	2,370.73	13.37	6,845.16
Total Gross (B)	6,427.63	63.35	539.24	1,575.61	8,605.83	4,461.06	-	2,370.73	13.37	6,845.16
Less : Allowance for impairment loss (C)	(40.77)	-	-	-	(40.77)	(36.00)	-	-	-	(36.00)
Total - Net D = (A) - (C)	6,386.86	63.35	539.24	1,575.61	8,565.06	4,425.06	-	2,370.73	13.37	6,809.16

More information regarding the valuation methodologies can be found in note 54.09.

There are no investments designated at FVTPL.

The dividends of Rs. 6.52 crores (March 31, 2022: Rs. Nil) received from investments in shares are recorded as dividend income.

13 INVESTMENTS (Contd.)

Investments carried at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system for investments carried at amortised cost are explained in note 55.02.

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1 individual	Stage 2 individual	Stage 3	Total	Stage 1 individual	Stage 2 individual	Stage 3	Total
Internal rating grade								
Performing								
High grade	6,427.63	-	-	6,427.63	4,461.06	-	-	4,461.06
Total	6,427.63	-	-	6,427.63	4,461.06	-	-	4,461.06

(Rs. in crores)

An analysis of changes in gross carrying amount and the corresponding ECLs on investments carried at amortised cost which are subject to ECL is as follows:

Particulars	Year ended March 31, 2023				Year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	4,461.06	-	-	4,461.06	3,214.21	-	-	3,214.21
Effects of business combination (Refer note 52)	772.58	-	-	772.58	-	-	-	-
New assets originated or purchased	2,505.54	-	-	2,505.54	2,141.55	-	-	2,141.55
Assets derecognised or matured (excluding write-offs)	(1,311.55)	-	-	(1,311.55)	(894.71)	-	-	(894.71)
Closing balance	6,427.63	-	-	6,427.63	4,461.06	-	-	4,461.06

(Rs. in crores)

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2023				Year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance in ECL	36.00	-	-	36.00	38.01	-	-	38.01
Effects of business combination (Refer note 52)	0.07	-	-	0.07	-	-	-	-
Changes to models and inputs used for ECL calculations	4.70	-	-	4.70	(2.00)	-	-	(2.00)
Closing balance in ECL	40.77	-	-	40.77	36.00	-	-	36.00

(Rs. in crores)

Particulars	As at	
	March 31, 2023	March 31, 2022
14 OTHER FINANCIAL ASSETS		
Security deposits*	72.70	51.45
Total	72.70	51.45

(Rs. in crores)

*Net of allowance for impairment loss recognised on security deposit Rs. 4.08 crores (March 31, 2022: Rs. 0.39 crores).

14 OTHER FINANCIAL ASSETS (Contd.)

Reconciliation of ECL balance in relation to security deposits is given below:

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
ECL allowance - opening balance	0.39	0.51
Add: Addition during the year	3.69	-
(Less): Reduction during the year	-	(0.12)
ECL allowance - closing balance	4.08	0.39

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
15 CURRENT TAX ASSETS (NET)		
Advance income tax [net of provision for income tax Rs. 7,559.44 crores (March 31, 2022: Rs. 5,577.72 crores)]	716.97	228.24
Total	716.97	228.24

Particulars	(Rs. in crores)		
	Freehold land	Building	Total
16 INVESTMENT PROPERTY			
Gross Block*			
As at April 01, 2021	0.70	1.45	2.15
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2022	0.70	1.45	2.15
Additions	-	-	-
Transfer from Property, plant and equipment	-	0.77	0.77
Disposals	-	-	-
As at March 31, 2023	0.70	2.22	2.92
Accumulated depreciation and impairment losses			
As at April 01, 2021	-	0.15	0.15
Charge for the year	-	0.03	0.03
Disposals	-	-	-
As at March 31, 2022	-	0.18	0.18
Charge for the year	-	0.05	0.05
Transfer from Property, plant and equipment	-	0.07	0.07
Disposals	-	-	-
As at March 31, 2023	-	0.30	0.30
Net carrying amount as at March 31, 2022	0.70	1.27	1.97
Net carrying amount as at March 31, 2023	0.70	1.92	2.62

*Refer note 6.9 of Significant accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

16 INVESTMENT PROPERTY (Contd.)

(i) Amounts recognised in Statement of Profit and Loss for Investment property

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
Rental income from investment property	0.17	0.17
Direct operating expenses arising from investment property that generated rental income during the year	0.02	0.02
Direct operating expenses arising from investment property that did not generate rental income during the year	0.00	0.00
Profit from investment property before depreciation	0.15	0.15
Depreciation charge for the year	0.05	0.03
Profit from investment property after depreciation	0.10	0.12

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

(ii) Contractual obligations

The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) Fair value

The fair value of the investment property as at March 31, 2023 is Rs. 6.47 crores (March 31, 2022 is Rs. 6.12 crores).

(iv) Pledged details

Carrying value of investment property pledged as collateral for liabilities as at March 31, 2023 is Rs. 0.91 crores (March 31, 2022 is Rs. 0.92 crores).

(v) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

(vi) Leasing arrangements

Investment properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements.

17 PROPERTY, PLANT AND EQUIPMENT									
									(Rs. in crores)
Particulars	Freehold land	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total
Gross block*									
As at April 01, 2021	0.59	2.39	11.36	56.84	32.24	31.33	0.25	109.18	244.18
Additions	-	-	0.93	15.56	3.00	2.56	-	11.18	33.23
Disposals	-	-	0.83	14.55	2.64	1.60	0.19	6.73	26.54
As at March 31, 2022	0.59	2.39	11.46	57.85	32.60	32.29	0.06	113.63	250.87
Effects of business combination (Refer note 52)	0.02	0.13	31.94	80.30	39.13	30.82	0.67	146.55	329.56
Restated as at April 01, 2022	0.61	2.52	43.40	138.15	71.73	63.11	0.73	260.18	580.43
Additions	-	-	2.91	42.00	10.24	16.50	0.53	33.10	105.28
Transferred to Investment property	-	(0.77)	-	-	-	-	-	-	(0.77)
Disposals	-	-	2.62	17.05	3.63	2.37	0.38	9.32	35.37
As at March 31, 2023	0.61	1.75	43.69	163.10	78.34	77.24	0.88	283.96	649.57
Accumulated depreciation and impairment losses									
As at April 01, 2021	-	0.02	3.99	27.93	15.55	9.18	(0.01)	63.08	119.74
Charge for the year	-	0.05	1.47	13.18	5.57	3.52	0.08	21.04	44.91
Disposals	-	-	0.63	13.23	2.43	1.39	0.18	6.48	24.34
As at March 31, 2022	-	0.07	4.83	27.88	18.69	11.31	(0.11)	77.64	140.31
Effects of business combination (Refer note 52)	-	0.04	17.71	65.19	32.65	19.71	0.27	129.83	265.40
Restated as at April 01, 2022	-	0.11	22.54	93.07	51.34	31.02	0.16	207.47	405.71
Charge for the year	-	0.02	3.86	21.39	9.00	5.86	0.16	26.89	67.18
Transferred to Investment property	-	(0.07)	-	-	-	-	-	-	(0.07)
Disposals	-	-	2.33	15.77	3.36	1.69	0.31	9.28	32.74
As at March 31, 2023	-	0.06	24.07	98.69	56.98	35.19	0.01	225.08	440.08
Net carrying amount as at March 31, 2022	0.59	2.32	6.63	29.97	13.91	20.98	0.17	35.99	110.56
Net carrying amount as at March 31, 2023	0.61	1.69	19.62	64.41	21.36	42.05	0.87	58.88	209.49

Carrying value of property, plant and equipment pledged as collateral for liabilities as at March 31, 2023 is Rs. 0.35 crores (March 31, 2022 is Rs. 0.32 crores).

*Refer note 6.9 of Significant accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

The Company has not revalued any of its property, plant and equipment during the year ended March 31, 2023 and year ended March 31, 2022. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.

18 LEASES

A] This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

The Balance sheet shows the following amounts relating to leases

Right-of-use assets		(Rs. in crores)
Particulars		Amounts
Gross Block		
As at April 01, 2021		487.87
Additions		100.33
Disposals		(17.46)
As at March 31, 2022		570.74
Effects of business combination (Refer note 52)		289.50
Restated as at April 01, 2022		860.24
Additions		175.01
Disposals		(11.10)
As at March 31, 2023		1,024.15
Accumulated depreciation and impairment		
As at March 31, 2021		179.36
Charge for the year		90.17
Disposals		(1.31)
As at March 31, 2022		268.22
Effects of business combination (Refer note 52)		114.64
Restated as at April 01, 2022		382.86
Charge for the year		151.11
Disposals		(0.03)
As at March 31, 2023		533.94
Net carrying amount as at March 31, 2022		302.52
Net carrying amount as at March 31, 2023		490.21

The Company has not revalued any of its Right-of-use assets during the year ended March, 2023 and year ended March 31, 2022. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.

Lease liabilities

Maturity analysis of lease liabilities

		(Rs. in crores)
Particulars	As at March 31, 2023	As at March 31, 2022
Less than 1 year	130.19	74.92
1 to 2 years	110.76	66.53
2 to 3 years	80.84	54.11
3 to 4 years	23.70	38.36
4 to 5 years	65.16	31.94
More than 5 years	152.81	83.57
Total	563.46	349.43

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

18 LEASES (Contd.)

		(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022	
(ii) Amounts recognised in the Statement of Profit and Loss			
Depreciation charge of right-of-use assets (included in depreciation, amortisation and impairment)	151.11	88.86	
Interest expense (included in finance costs)	47.29	31.97	
Expense relating to short-term leases (included in other expenses)	6.52	3.24	
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	3.71	1.80	
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	-	-	
The Company had remeasured lease liability in respect of certain leases during the year and income on such remeasurement of leases as per Ind AS 116 is included in other income	0.66	3.16	
Income from subleasing right-of-use assets (included in other income)	5.18	7.27	
(iii) Gains or losses arising from sale and leaseback transactions	-	-	
(iv) The total cash outflow for leases during the year	182.65	109.13	

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

B] This note provides information for leases where the Company is a lessor.

The Company had given office premises under lease. The income from lease recognised in the Statement of Profit and Loss is Rs. 0.17 crores (March 31, 2022: Rs. 0.17 crores). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. There were no non-cancellable operating lease agreements as on March 31, 2023. Future minimum lease receivables under non-cancellable leases as at March 31, 2022 are as follows:

		(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Within one year	-	0.17	
After one year but not more than five years	-	0.08	
More than five years	-	-	
Total	-	0.25	

19 INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHER INTANGIBLE ASSETS #

(A) Intangible assets under development

		(Rs. in crores)	
Particulars		Amount	
Gross block			
As at April 01, 2021		-	
Additions		-	
Disposals		-	
As at March 31, 2022		-	
Additions		66.08	
Disposals		-	
As at March 31, 2023		66.08	
Accumulated amortisation and impairment losses			
As at April 01, 2021		-	
Charge for the year		-	
Disposals		-	

19 INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHER INTANGIBLE ASSETS # (Contd.)

Particulars	(Rs. in crores)
	Amount
As at March 31, 2022	-
Charge for the year	-
Disposals	-
As at March 31, 2023	-
Net carrying amount as at March 31, 2022	-
Net carrying amount as at March 31, 2023	66.08

Intangible assets under development aging

Particulars	Amount in CWIP for a period of				(Rs. in crores)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	66.08	-	-	-	66.08
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2022

Intangible assets under development were nil for the financial year ended March 31, 2022.

(B) Other intangible assets

Particulars	(Rs. in crores)			
	Goodwill	Other Intangible Assets		
		Computer software	Distribution network	Other intangible assets
	(A)	(B)	(C)	(D) = (B)+(C)
Gross block*				
As at April 01, 2021	-	5.08	-	5.08
Additions	-	2.22	-	2.22
Disposals	-	0.03	-	0.03
As at March 31, 2022	-	7.27	-	7.27
Effects of business combination (Refer note 52)	1,408.63	43.39	1,511.00	1,554.39
Restated as at April 01, 2022	1,408.63	50.66	1,511.00	1,561.66
Additions	-	5.67	-	5.67
Effects of business combination (Refer note 52)	(1.90)	-	1.90	1.90
Disposals	-	0.00	-	0.00
As at March 31, 2023	1,406.73	56.33	1,512.90	1,569.23
Accumulated amortisation and impairment losses				
As at April 01, 2021	-	2.69	-	2.69
Charge for the year	-	1.57	-	1.57
Disposals	-	0.03	-	0.03
As at March 31, 2022	-	4.23	-	4.23
Effects of business combination (Refer note 52)	-	41.50	-	41.50
Restated as at April 01, 2022	-	45.73	-	45.73
Charge for the year	-	3.27	302.58	305.85
Disposals	-	-	-	-
As at March 31, 2023	-	49.00	302.58	351.58
Net carrying amount as at March 31, 2022	-	3.04	-	3.04
Net carrying amount as at March 31, 2023	1,406.73	7.33	1,210.32	1,217.65

19 INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHER INTANGIBLE ASSETS # (Contd.)

Other than internally generated

*Refer note 6.9 of Significant accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

The Company has not revalued any of its intangible assets during the financial year ended March 31, 2023 and March 31, 2022. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.

		(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022	
20 OTHER NON-FINANCIAL ASSETS			
Goods and services tax credit (input) receivable	323.33	198.82	
Prepaid expenses	21.22	9.32	
Capital advances	8.64	3.05	
Duties paid under protest	43.13	96.40	
Other non-financial assets*	28.19	4.63	
Total	424.51	312.22	

*Other non-financial assets include advances to employees, vendors and towards rent.

21 PAYABLES

(I) Trade payables

		(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022	
(i) total outstanding dues of micro enterprises and small enterprises (Refer note 56)	-	0.02	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises*	293.24	166.01	
Total	293.24	166.03	

*Includes payable to associate Rs. 1.06 crores (March 31, 2022: Rs. 0.91 crores).

Trade payables ageing

As at March 31, 2023		(Rs. in crores)					
Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	78.60	-	211.15	0.96	1.23	1.30	293.24
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	78.60	-	211.15	0.96	1.23	1.30	293.24

21 PAYABLES (Contd.)

As at March 31, 2022

(Rs. in crores)

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	0.02	-	-	-	0.02
(ii) Others	108.81	-	50.63	4.25	1.10	1.22	166.01
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	108.81	-	50.65	4.25	1.10	1.22	166.03

(II) Other payables

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
(i) total outstanding dues of micro enterprises and small enterprises (Refer note 56)	0.36	1.46
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.09	1.21
Total	1.45	2.67

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
22 DEBT SECURITIES		
At amortised cost		
Secured		
Redeemable non-convertible debentures		
- Public issue ₹	2,508.89	2,500.63
- Privately placed ₹ ₹	27,648.08	18,768.05
External commercial bond	12,513.28	19,011.29
Senior secured notes	894.73	891.40
Unsecured		
Redeemable non-convertible debentures		
- Privately placed	87.61	85.18
Total	43,652.59	41,256.55
Debt securities in India	30,244.58	21,353.86
Debt securities outside India	13,408.01	19,902.69
Total	43,652.59	41,256.55

There are no debt securities measured at FVTPL or designated at FVTPL.

₹ includes Rs. 87.68 crores (March 31, 2022 Rs. 47.36 crores) issued to related parties including Directors.

₹₹ includes Rs. 370.13 crores (March 31, 2022 Rs. 10.01 crores) issued to related parties.

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
23	BORROWINGS (OTHER THAN DEBT SECURITIES)		
	At amortised cost		
	Secured		
	Term loan from banks - INR	31,900.26	16,755.62
	Term loan from financial institutions/corporates - INR	9,296.56	5,685.24
	External commercial borrowing - FCNR	9,828.01	4,243.13
	Loans repayable on demand from banks (Cash credit from banks)	459.10	454.86
	Other loans - INR - Securitisation liabilities	22,106.09	19,538.08
	Total	73,590.02	46,676.93
	Borrowings in India	63,762.01	42,433.80
	Borrowings outside India	9,828.01	4,243.13
	Total	73,590.02	46,676.93

There are no borrowings measured at FVTPL or designated at FVTPL.

The borrowings have not been guaranteed by directors or others. The Company has not defaulted in repayment of principal and interest to its lenders.

The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they were borrowed.

The Company has borrowed funds from banks and financial institutions on the basis of security of current assets. It has filed quarterly returns or statements of current assets with banks and financial institutions and the said returns/statements are in agreement with books of accounts.

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
24	DEPOSITS		
	At amortised cost		
	Unsecured		
	i. Public deposits (Refer note 67)*	34,671.99	20,190.08
	ii. From Banks	-	-
	iii. From Others		
	- Deposits from corporates **	1,467.84	1,729.76
	- Inter-corporate deposits ***	-	29.14
	Total	36,139.83	21,948.98

There are no deposits measured at FVTPL or designated at FVTPL.

* includes Rs. 3.47 crores (March 31, 2022 Rs. 3.01 crores) accepted from related parties including Director.

** includes Rs. 171.87 crores (March 31, 2022 Rs. 118.94 crores) accepted from related parties.

*** includes Rs. Nil (March 31, 2022 Rs. 27.45 crores) accepted from associate.

		(Rs. in crores)	
Particulars		As at March 31, 2023	As at March 31, 2022
25	SUBORDINATED LIABILITIES		
	At amortised cost		
	Others		
	Unsecured		
	Subordinated debts - Debentures #	4,523.85	4,614.25
	Total	4,523.85	4,614.25

25 SUBORDINATED LIABILITIES (Contd.)

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Subordinated debts in India	4,523.85	4,614.25
Subordinated debts outside India	-	-
Total	4,523.85	4,614.25

There are no subordinated liabilities measured at FVTPL or designated at FVTPL.

includes Rs. 523.20 crores (March 31, 2022 Rs. 516.07 crores) issued to related parties.

I DEBT SECURITIES

A) Redeemable Non-Convertible Debenture (NCD) - Secured

i) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2018 - 1)

Terms of repayment

As at March 31, 2023

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
over 60 months	498.94	498.94
upto 12 months	865.47	865.47
Total	1,364.41	1,364.41

As at March 31, 2022

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
over 60 months	497.98	497.98
12-24 months	850.87	850.87
Total	1,348.85	1,348.85

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 3,648.52 crores raised from public issue (net off expenses) towards repayment of borrowings as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 2,285.45 crores were redeemed on July 12, 2021.

As per the terms of the issue Rs. 107.40 crores were redeemed on December 26, 2019.

ii) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2018 - 2)

Terms of repayment

As at March 31, 2023

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
over 60 months	71.99	71.99
upto 12 months	275.95	275.95
Total	347.94	347.94

I DEBT SECURITIES (Contd.)

As at March 31, 2022

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
over 60 months	71.82	71.82
12-24 months	269.30	269.30
Total	341.12	341.12

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 606.79 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 107.40 crores were redeemed on November 02, 2021.

iii) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2018 - 3)

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
over 60 months	60.26	60.26
upto 12 months	249.73	249.73
Total	309.99	309.99

As at March 31, 2022

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
over 60 months	60.13	60.13
12-24 months	243.38	243.38
Total	303.51	303.51

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 537.32 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 247.04 crores were redeemed on February 06, 2022.

iv) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2019 - 1)

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
36-48 months	20.74	47.09	67.83
12-24 months	34.06	74.00	108.06
Total	54.80	121.09	175.89

I DEBT SECURITIES (Contd.)

As at March 31, 2022			(Rs. in crores)
Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	20.65	45.16	65.81
24-36 months	33.87	71.47	105.34
upto 12 months	41.91	94.28	136.19
Total	96.43	210.91	307.34

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 339.94 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 126.25 crores were redeemed on February 22, 2023.

As per the terms of the issue Rs. 53.11 crores were redeemed on February 22, 2022.

v) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2019 - 2)

Terms of repayment

As at March 31, 2023		(Rs. in crores)
Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
36-48 months	26.57	26.57
12-24 months	70.71	70.71
Total	97.28	97.28

As at March 31, 2022			(Rs. in crores)
Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	26.44	-	26.44
24-36 months	68.61	-	68.61
upto 12 months	79.87	24.89	104.76
Total	174.92	24.89	199.81

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 193.67 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 100.65 crores were redeemed on January 28, 2023.

vi) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2019 - April) (Effects of business combination - Refer note 52)

Terms of repayment

As at March 31, 2023		(Rs. in crores)
Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
12-24 months	138.55	138.55
Total	138.55	138.55

As at March 31, 2022 - Nil

I DEBT SECURITIES (Contd.)

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 252.51 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 130.36 crores were redeemed on April 30, 2022.

vii) Public issue of Non-Convertible Debentures (NCD) of Rs. 1,000/- each (IPO 2019 - September) - (Effects of business combination - Refer note 52)

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
12-24 months	74.82	74.82
Total	74.82	74.82

As at March 31, 2022 - Nil

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 106.27 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 37.29 crores were redeemed on September 25, 2022.

viii) Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest		Total
	< 10% ^ \$	>= 10% < 12% ^ #	
over 60 months	11,899.74	-	11,899.74
36-48 months \$	445.54	-	445.54
24-36 months ^ \$	813.59	-	813.59
12-24 months ^	3,863.34	1,615.46	5,478.80
upto 12 months ^ # \$	7,944.80	206.11	8,150.91
Total	24,967.01	1,821.57	26,788.58

^ NCD amounting to Rs. 4,067.70 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

includes NCD of Rs. 250.00 crores partly paid to the extent of Rs. 216.67 crores.

\$ Out of above NCD having put/ call option are as under

(Rs. in crores)

Sr No.	Rate of interest	Amount	Put/ Call Option Date
1	7.95%	260.00	August 12, 2023
2	9.14%	50.00	October 31, 2025
3	8.48%	100.00	April 02, 2027
Total		410.00	

I DEBT SECURITIES (Contd.)

As at March 31, 2022					(Rs. in crores)
Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% ^	>= 12% < 14%	>=14% <16%	
over 60 months	6,374.70	-	-	-	6,374.70
48-60 months	338.75	-	-	-	338.75
36-48 months	352.54	-	-	-	352.54
24-36 months ^	461.91	1,301.21	-	-	1,763.12
12-24 months^ # \$	4,610.29	304.39	-	-	4,914.68
upto 12 months ^ \$	3,637.44	1,179.96	154.56	52.30	5,024.26
Total	15,775.63	2,785.56	154.56	52.30	18,768.05

^ NCD amounting to Rs. 2,396.30 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

includes NCD of Rs. 250.00 crores partly paid to the extent of Rs. 116.67 crores.

\$ Out of above NCD having put/ call option are as under

(Rs. in crores)			
Sr No.	Rate of interest	Amount	Put/ Call Option Date
1	7.46%	1,000.00	April 29, 2022
2	7.15%	1,585.00	June 17, 2022
Total		2,585.00	

Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

ix) Privately placed Redeemable Non-Convertible Debenture of Rs. 100,000/- each (Effects of business combination - Refer note 52)

Terms of repayment

As at March 31, 2023			(Rs. in crores)
Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	> = 10% < 12%	
36-48 months	124.16	-	124.16
24-36 months	399.35	-	399.35
12-24 months	-	335.99	335.99
Total	523.51	335.99	859.50

As at March 31, 2022 - Nil

Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in crores)		
Particulars	As at March 31, 2023	As at March 31, 2022
Public issue (i + ii + iii + iv + v + vi + vii)	2,508.89	2,500.63
Privately placed (viii + ix)	27,648.08	18,768.05
Total Non-Convertible Debentures - Secured	30,156.97	21,268.68

I DEBT SECURITIES (Contd.)

B) External Commercial Bond (ED) - Secured

Privately placed Redeemable External Commercial Bond of Rs. 100,000/- each

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Particulars	Rate of interest		Total
	< 10%	>= 10% < 12%	
36-48 months	1,219.57	-	1,219.57
24-36 months	3,305.98	-	3,305.98
upto 12 months	6,030.31	1,957.42	7,987.73
Total	10,555.86	1,957.42	12,513.28

As at March 31, 2022

(Rs. in crores)

Particulars	Rate of interest		Total
	< 10%	>= 10% < 12%	
24-36 months	3,622.91	-	3,622.91
12-24 months	9,564.27	-	9,564.27
upto 12 months	5,824.11	-	5,824.11
Total	19,011.29	-	19,011.29

On March 29, 2023, the Company issued and allotted USD 150,000,000 6.37% senior secured floating rate notes due 2026 ("notes") for a sum of Rs. 1,232.60 crores under the USD 3,500,000,000 Global Medium Term Note (GMTN) Programme. The said notes are listed on Indian International Exchange ("INX"). The proceeds of the issue of the notes have been utilised in accordance with the Company's Social Finance Framework and as may be permitted by the RBI ECB guidelines for onward lending and other activities.

On January 18, 2022, the Company issued and allotted USD 475,000,000 4.15% senior secured notes due 2025 in offshore market (Social Bonds) for sum of Rs. 3,512.86 crores under USD 3.5 billion GMTN Programme. The said Social Bonds were listed on Singapore Stock Exchange (SGX-ST) on January 19, 2022. The proceeds of the issue of the Social Bonds have been utilised as per the Company's Social Finance Framework, for onward lending and other activities as permitted by the RBI Master Direction — External Commercial Borrowings, Trade Credits and Structured Obligations.

On March 31, 2021, the Company issued and allotted USD 225,000,000 4.40% senior secured notes due 2024 in offshore market (Social Bonds) for sum of Rs.1,630.35 crores to be consolidated and form a single series with the U.S.\$500,000,000 4.40% senior secured notes due 2024 issued on January 13, 2021 under USD 3 billion GMTN Programme. The said Social Bonds were listed on Singapore Stock Exchange (SGX-ST) on April 01, 2021. The proceeds of the issue of the Social Bonds have been utilised as per the Company's Social Finance Framework, for onward lending and other activities as permitted by the RBI Master Direction — External Commercial Borrowings, Trade Credits and Structured Obligations.

On January 13, 2021, the Company issued and allotted USD 500,000,000 4.40% senior secured notes due 2024 in offshore market (Social Bonds) for sum of USD 499,950,000 equivalent to Rs. 3,672.50 crores under USD 3 Billion GMTN Programme. The said Social Bonds were listed on Singapore Stock Exchange (SGX-ST) on January 14, 2021. The proceeds of the issue of the Social Bonds have been utilised as per the Company's Social Finance Framework, for onward lending and other activities as permitted by the RBI Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations.

During the year ended March 31, 2020, the Company issued and allotted USD 250,000,000 5.3750% senior secured notes due 2022 in offshore market (notes) equivalent to Rs. 1,714.38 crores under USD 2,000,000,000 GMTN Programme. The said notes are listed on Singapore Stock Exchange (SGX-ST). The proceeds of the issue of the notes have been utilised for the purpose of onward lending and other activities as may be permitted by the ECB Directions.

During the year ended March 31, 2020, the Company issued and allotted USD 500,000,000 5.100% senior secured notes due 2023 in offshore market (Social Bonds) equivalent to Rs. 3,541.75 crores under USD 3,000,000,000 GMTN Programme. The said Social Bonds are listed on Singapore Stock Exchange (SGX-ST). The proceeds of the issue of the Social Bonds have been utilised for the purpose of onward lending and other activities as per the Company's Social Finance Framework and as may be permitted by the ECB Directions.

During the year ended March 31, 2019, the Company issued and allotted senior secured notes in offshore market (notes) aggregating to Rs. 2,849.90 crores consisting of 5.70% notes due 2022 under Rs. 5,000 crores Medium Term Note Programme.

I DEBT SECURITIES (Contd.)

The notes issued by the Company are listed on Singapore Stock Exchange (SGX-ST). The proceeds of the issue have been utilised for the purpose of onward disbursements.

As per the terms of the issue, Rs. 1,753.76 crores were bought back on November 03, 2022 and Rs. 30.47 crores were bought back on November 17, 2022 (Dollar Bond - 3).

As per the terms of the issue, Rs. 3,991.97 crores were redeemed on October 24, 2022.

As per the terms of the issue, Rs. 1,210.16 crores were bought back on August 17, 2022.

As per the terms of the issue, Rs. 591.64 crores were bought back on August 17, 2022 (Dollar Bond 7).

As per the terms of the issue, Rs. 2,849.90 crores were redeemed on February 28, 2022.

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

C) Senior Secured Notes

Senior Secured Notes of Rs. 10,000,000/- each

Terms of repayment

Particulars	Rate of interest	(Rs. in crores)	
		As at March 31, 2023	As at March 31, 2022
12-24 months	<10%	-	891.40
upto 12 months	<10%	894.73	-
Total		894.73	891.40

During the year ended March 31, 2018, the Company had issued senior secured notes in offshore market (notes) aggregating to Rs. 1,160.00 crores consisting of Rs. 840.00 crores 8.10% notes due 2023 and Rs. 320.00 crores 7.90% notes due 2021 payable in USD under Rs. 5,000.00 crores Medium Term Note Programme. The notes issued by the Company are listed on Singapore Stock Exchange (SGX-ST).

The Company had utilised the entire sum of Rs. 1,160.00 crores raised from senior secured notes towards asset financing activities as per the objects stated in the prospectus for the issue.

During the year ended March 31, 2017, the Company had issued Rs. 1,350.00 crores 8.25 % senior secured notes at the price of 100.18% that are due for repayment on February 18, 2020. The said notes (with ISIN - XS 1549374475) are listed and traded on the Singapore Stock Exchange (SGX-ST) with a minimum board lot size of USD 200,000.

The Company had utilised the entire sum of Rs. 1,350.00 crores raised from senior secured notes towards asset financing activities as per the objects stated in the prospectus for the issue.

As per the terms of the issue, Rs. 1,350.00 crores were redeemed on February 18, 2020.

As per the terms of the issue, Rs. 320.00 crores were redeemed on March 12, 2021.

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

I DEBT SECURITIES (Contd.)

D) Redeemable Non-Convertible Debenture (NCD) - Unsecured

Privately placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	>= 12% < 14%	
12-24 months	87.61	87.61
Total	87.61	87.61

As at March 31, 2022

(Rs. in crores)

Redeemable at par/ premium (from the date of the Balance Sheet)	Rate of interest	Total
	>= 12% < 14%	
24-36 months	85.18	85.18
Total	85.18	85.18

II BORROWINGS (OTHER THAN DEBT SECURITIES)

A) Term loans from banks - Secured (INR)

As at March 31, 2023

Terms of repayment #

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
Over 60 months	9.75%	20 instalments of quarterly frequency	743.45
48-60 months	8.11% to 9.75%	19 to 60 instalments of monthly and quarterly frequency	5,982.37
36-48 months	7.50% to 11.15%	1 to 60 instalments of bullet, monthly and quarterly frequency	7,278.41
24-36 months	8.43% to 10.72%	11 to 60 instalments of monthly, quarterly and specific frequency	6,708.10
12-24 months	6.95% to 11.29%	1 to 48 instalments of bullet, monthly and quarterly frequency	4,494.15
upto 12 months	6.50% to 13.12%	1 to 36 instalments of bullet, monthly, quarterly and specific frequency	6,693.78
Total			31,900.26

Loans are classified in respective time buckets based on option date.

II BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2022

Terms of repayment #			(Rs. in crores)
Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	7.45% to 8.90%	20 to 60 instalments of monthly and quarterly frequency	3,318.09
36-48 months	5.50% to 8.56%	14 to 60 instalments of monthly and quarterly frequency	2,874.22
24-36 months	5.70% to 9.56%	1 to 48 instalments of bullet, monthly, quarterly and half-yearly frequency	3,539.61
12-24 months	6.61% to 10.14%	1 to 36 instalments of bullet, monthly and quarterly frequency	1,603.16
upto 12 months	5.60% to 10.34%	1 to 36 instalments of bullet, monthly, quarterly and specific frequency	5,420.54
Total			16,755.62

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

B) Term loans from financial institutions/corporates - Secured (INR)

As at March 31, 2023

Terms of repayment #			(Rs. in crores)
Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
Over 60 months	8.30%	21 instalments of quarterly frequency	1,003.53
48-60 months	8.50%	21 instalments of quarterly frequency	1,053.28
36-48 months	7.34% to 9.25%	19 to 20 instalments of quarterly frequency	2,275.73
24-36 months	7.20% to 10.75%	11 to 20 instalments of quarterly frequency	3,113.73
12-24 months	7.52% to 11.05%	10 to 12 instalments of quarterly, half-yearly and specific frequency	1,753.13
upto 12 months	9.70% to 10.50%	11 to 12 instalments of quarterly and specific frequency	97.16
Total			9,296.56

Loans are classified in respective time buckets based on option date.

II BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2022

Terms of repayment #

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	7.34% to 8.95%	19 to 20 instalments of quarterly frequency	1,227.32
36-48 months	8.23% to 9.00%	1 to 20 instalments of bullet and quarterly frequency	1,898.70
24-36 months	7.25% to 10.20%	11 instalments of quarterly, half-yearly and specific frequency	2,229.80
12-24 months	9.70% to 10.50%	11 to 12 instalments of quarterly, half-yearly and specific frequency	197.15
upto 12 months	7.44% to 9.07%	11 to 20 instalments of quarterly, half-yearly and specific frequency	132.27
Total			5,685.24

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

C) External commercial borrowing

As at March 31, 2023

Terms of repayment

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
Over 60 months	9.20%	16 instalments of specific frequency	2,053.32
48-60 months	9.10% to 9.40%	9 to 11 instalments of half-yearly and specific frequency	1,294.92
36-48 months	8.63% to 10.86%	11 to 13 instalments of half-yearly and specific frequency	729.55
24-36 months	8.84% to 10.29%	bullet frequency	2,655.29
12-24 months	8.12%	bullet frequency	208.71
upto 12 months	9.83% to 10.02%	bullet frequency	2,886.22
Total			9,828.01

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2022

Terms of repayment

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
Over 60 months	4.59%	11 instalments of half-yearly frequency	531.25
48-60 months	8.63% to 10.86%	11 to 13 instalments of half-yearly and specific frequency	873.29
24-36 months	8.12%	bullet frequency	191.59
12-24 months	9.83% to 10.02%	bullet frequency	2,647.00
Total			4,243.13

II BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

D) Loans repayable on demand from banks (Cash credit from banks)

As at March 31, 2023

Terms of repayment

(Rs. in crores)

Particulars	Rate of interest	Amount
Secured by hypothecation of specific assets covered under hypothecation loan agreements	6.10% to 10.80%	459.10
Total		459.10

As at March 31, 2022

Terms of repayment

(Rs. in crores)

Particulars	Rate of interest	Amount
Secured by hypothecation of specific assets covered under hypothecation loan agreements	7.30% to 10.45%	454.86
Total		454.86

E) Other loans - (INR) - Securitisation liabilities

As at March 31, 2023

Terms of repayment

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
60-72 months	7.70% to 8.75%	1 to 73 instalments of monthly frequency	2,648.48
48-60 months	6.10% to 8.55%	1 to 60 instalments of monthly frequency	7,660.57
36-48 months	5.90% to 9.90%	1 to 88 instalments of monthly frequency	6,533.04
24-36 months	6.05% to 9.11%	1 to 81 instalments of monthly frequency	4,315.75
12-24 months	5.95% to 9.20%	1 to 65 instalments of monthly frequency	456.02
upto 12 months	6.50% to 9.00%	1 to 69 instalments of monthly frequency	492.23
Total			22,106.09

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2022

Terms of repayment

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	5.90% to 9.00%	1 to 86 instalments of monthly frequency	11,209.94
36-48 months	5.50% to 9.00%	1 to 67 instalments of monthly frequency	3,565.64
24-36 months	6.31% to 9.40%	1 to 65 instalments of monthly frequency	1,166.14
12-24 months	8.00% to 9.70%	1 to 61 instalments of monthly frequency	3,092.50
upto 12 months	6.97% to 10.20%	1 to 61 instalments of monthly frequency	503.86
Total			19,538.08

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

III DEPOSITS

A) Deposits from public - Unsecured - [Refer note 67]

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
48-60 months	4,613.62	4,613.62
36-48 months	3,540.37	3,540.37
24-36 months	9,646.19	9,646.19
12-24 months	8,259.06	8,259.06
upto 12 months	8,612.75	8,612.75
Total	34,671.99	34,671.99

As at March 31, 2022

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
48-60 months	2,446.18	2,446.18
36-48 months	2,030.40	2,030.40
24-36 months	5,523.97	5,523.97
12-24 months	4,631.55	4,631.55
upto 12 months	5,557.98	5,557.98
Total	20,190.08	20,190.08

Particulars	As at March 31, 2023	As at March 31, 2022
	(Rs. in crores)	(Rs. in crores)
Total deposits from public	34,671.99	20,190.08

B) Deposits from corporates - Unsecured

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
48-60 months	39.71	39.71
36-48 months	48.74	48.74
24-36 months	223.18	223.18
12-24 months	454.39	454.39
upto 12 months	701.82	701.82
Total	1,467.84	1,467.84

As at March 31, 2022

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	Total
	< 10%	
48-60 months	30.21	30.21
36-48 months	13.24	13.24
24-36 months	367.23	367.23
12-24 months	150.65	150.65
upto 12 months	1,168.43	1,168.43
Total	1,729.76	1,729.76

III DEPOSITS (Contd.)

C) Inter-corporate deposits

Terms of repayment

As at March 31, 2023: Nil

As at March 31, 2022

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Total
upto 12 months	4.50% to 7.00%	Bullet repayment	29.14
Total			29.14

IV SUBORDINATED LIABILITIES

A) Subordinated liabilities - Unsecured - Debentures

Privately placed subordinated liabilities of Rs. 1,000,000/- each

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
over 60 months	-	79.00	-	79.00
48-60 months	1,395.94	-	-	1,395.94
36-48 months	137.76	-	-	137.76
24-36 months	39.92	57.11	-	97.03
12-24 months	41.08	548.28	1,723.84	2,313.20
upto 12 months	-	333.26	-	333.26
Total	1,614.70	1,017.65	1,723.84	4,356.19

As at March 31, 2022

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
over 60 months	1,395.11	78.94	-	1,474.05
48-60 months	137.64	-	-	137.64
36-48 months	39.87	56.94	-	96.81
24-36 months	41.04	541.92	1,680.52	2,263.48
12-24 months	-	332.92	-	332.92
upto 12 months	-	309.35	-	309.35
Total	1,613.66	1,320.07	1,680.52	4,614.25

B) Subordinated liabilities - Unsecured - Debentures

Privately placed subordinated liabilities of Rs. 10,000,000/- each

Terms of repayment

As at March 31, 2023

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	Total
	<10%	
over 60 months	167.66	167.66
Total	167.66	167.66

As at March 31, 2022 - Nil

		(Rs. in crores)	
	Particulars	As at March 31, 2023	As at March 31, 2022
26	OTHER FINANCIAL LIABILITIES		
	Investor education and protection fund shall be credited by the following amounts (as and when due)		
	- Unclaimed dividend	9.45	9.72
	- Unclaimed matured deposits and interest accrued thereon	134.20	111.07
	- Unclaimed matured debentures and interest accrued thereon	12.92	13.09
	- Unclaimed matured subordinated debts and interest accrued thereon	11.20	9.08
	Temporary credit balance in bank accounts	56.99	30.12
	Payable on account of assignment	177.22	132.00
	Payable to dealers	36.02	0.86
	Payable to employees	222.20	132.59
	Retention money and other sundry liabilities	209.90	303.48
	Other liabilities*	150.56	117.63
	Total	1,020.66	859.64

*Other liabilities include amount payable to banks for credit card payments, settlement dues payable to resigned employees, security deposit received etc.

		(Rs. in crores)	
	Particulars	As at March 31, 2023	As at March 31, 2022
27	CURRENT TAX LIABILITIES (NET)		
	For taxation	160.89	36.82
	[net of advance tax Rs. 5,512.85 crores (March 31, 2022: Rs. 692.91 crores)]		
	Total	160.89	36.82

		(Rs. in crores)	
	Particulars	As at March 31, 2023	As at March 31, 2022
28	PROVISIONS		
	For employee benefits		
	- Gratuity (Refer note 46)	2.57	2.24
	- Compensated absences (leave encashment and availment)	100.81	38.31
	For others		
	- Expected credit loss towards undrawn loan commitments	9.51	6.70
	- Taxes - contested	98.59	90.93
	Total	211.48	138.18

Loan Commitments

Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 55.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 55.02.02.07.

28 PROVISIONS (Contd.)

	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Particulars	Stage 1 Collective	Stage 1 Collective
Internal rating grade		
Performing		
High grade	283.98	92.43
Total	283.98	92.43

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

Gross exposure reconciliation

	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
	General approach	General approach
Particulars	Stage 1	Stage 1
Opening balance of outstanding exposure	92.43	148.66
Effects of business combination (Refer note 52)	64.02	-
Restated as at April 01, 2022	156.45	-
New exposures	280.21	69.95
Exposures cancelled or disbursed (excluding write-offs)	(152.68)	(126.18)
Closing balance of outstanding exposure	283.98	92.43

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below:

	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
	General approach	General approach
Particulars	Stage 1	Stage 1
ECL allowance - opening balance	6.70	10.70
Effects of business combination (Refer note 52)	2.25	-
Restated as at April 01, 2022	8.95	-
New exposures	9.40	4.21
Exposures cancelled or disbursed (excluding write-offs)	(8.84)	(8.21)
ECL allowance - closing balance	9.51	6.70

	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Particulars		
29 OTHER NON-FINANCIAL LIABILITIES		
Statutory dues payable	162.39	101.16
Advance from customers	37.36	23.26
Total	199.75	124.42

		(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022	
30 EQUITY SHARE CAPITAL			
Authorised:			
2,975,500,000 (March 31, 2022: 647,000,000) equity shares of Rs.10/- each	2,975.50	647.00	
129,000,000 (March 31, 2022: 95,000,000) preference shares of Rs.100/- each	1,290.00	950.00	
	4,265.50	1,597.00	
Issued share capital			
374,427,276 (March 31, 2022: 270,519,713) equity shares of Rs. 10/- each	374.43	270.52	
Subscribed share capital			
374,427,276 (March 31, 2022: 270,519,713) equity shares of Rs. 10/- each	374.43	270.52	
Paid up (fully paid up)			
Equity shares			
374,427,276 (March 31, 2022: 270,519,713) equity shares of Rs. 10/- each fully paid up	374.43	270.52	
Total Equity	374.43	270.52	

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Number of shares	(Rs. in crores)
As at March 31, 2021	253,061,513	253.06
Issued during the year #	17,458,200	17.46
As at March 31, 2022	270,519,713	270.52
Cancellation of SCL shares @	(70,437,147)	(70.44)
Fresh issue to shareholders of SCL @	105,113,114	105.11
Fresh issue to shareholders of SCUF @	69,231,596	69.23
As at March 31, 2023	374,427,276	374.43

@ Refer note 52 - Business Combination

On June 12, 2021, the Company allotted 13,986,000 Equity Shares of face value Rs. 10/- each to eligible qualified institutional buyers at the issue price of Rs. 1,430/- per Equity Share (including a premium of Rs. 1,420/- per Equity Share) at a discount of Rs. 3.32 per Equity Share i.e. 0.23% of the floor price of Rs. 1,433.32 per Equity Share, aggregating to Rs. 19,999,980,000/- by way of qualified institutions placement (QIP Issue). The QIP Issue opened on June 07, 2021 and closed on June 11, 2021. The entire proceeds have been utilised for the objects of the QIP Issue. Pursuant to the allotment of Equity Shares in the QIP Issue, the paid - up equity share capital of the Company stood increased from Rs. 2,530,615,130/- to Rs. 2,670,475,130/- on June 12, 2021 comprising of 267,047,513 fully paid-up equity shares of face value of Rs.10/- each and securities premium reserve by Rs. 1,964.78 crores (net of share issue expenses of Rs. 21.23 crores).

On July 08, 2021, the Company allotted (i) 1,736,100 Equity Shares of the Company, fully paid-up, at a price of Rs. 1,440/- per Equity Share including a premium of Rs. 1,430/- per Equity Share, aggregating up to Rs. 2,499,984,000/- and (ii) 1,736,100 Warrants convertible into 1,736,100 Equity Shares at a price (including the warrant subscription price and the warrant exercise price) of Rs. 1,440/- each, aggregating up to Rs. 2,499,984,000/- on a preferential basis to Shriram Capital Limited, Promoter of the Company (Preferential Issue). The Company received the subscription money of Rs. 624,996,000/- for allotment of 1,736,100 Warrants convertible into Equity Shares, being 25% of the Issue price of Rs. 1,440/- of the Warrants at Rs. 360/- per Warrant, towards the warrant subscription price. The entire proceeds have been utilised for the objects of the Preferential Issue. Pursuant to allotment of the Equity Shares in the Preferential Issue, the

30 EQUITY SHARE CAPITAL (Contd.)

paid-up share capital of the Company stood increased on July 08, 2021 from Rs. 2,670,475,130/- to Rs. 2,687,836,130/- comprising of 268,783,613 equity shares of face value of Rs. 10/- each and securities premium reserve by Rs. 248.06 crores.

On November 25, 2021, the Company allotted 1,736,100 Equity Shares of face value of Rs. 10/- each fully paid up issued at a premium of Rs. 1,430/- per equity share to Shriram Capital Limited, Promoter of the Company upon exercise of option of conversion of 1,736,100 Warrants by Shriram Capital Limited. The Issue Price of the Warrant was Rs. 1,440/- per warrant of which 25% was paid by Shriram Capital Limited on subscription of 1,736,100 warrants on July 08, 2021 and the balance 75% i.e. Rs. 1,080/- per warrant being the Warrant Exercise Price was paid by Shriram Capital Limited. The entire proceeds have been utilised for the objects of the Preferential Issue. Pursuant to allotment of the Equity Shares in the Preferential Issue, the paid-up share capital of the Company stood increased on November 25, 2021 from Rs. 2,687,836,130/- to Rs. 2,705,197,130/- comprising of 270,519,713 equity shares of face value of Rs. 10/- each and securities premium reserve by Rs. 248.26 crores.

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The final dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

The Board of Directors in their meeting held on April 27, 2023 has recommended a final dividend of Rs. 20/- per equity share of nominal face value of Rs.10/- each fully paid up i.e. 200 %, for the financial Year 2022-23 subject to approval by shareholders in the ensuing 44th Annual General Meeting (44th AGM) of the Company. This is in addition to the interim dividend of Rs. 15/- per equity share of Rs. 10/- each fully paid-up (150%) for the financial Year 2022-23 declared by the Company on December 24, 2022, amounting to Rs. 5,616,409,140/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders. The record date for payment of interim dividend was January 04, 2023. The interim dividend was paid to eligible shareholders on January 13, 2023. With this the total dividend for the financial year 2022-23 will be Rs. 35/- per equity share (i.e. 350 %). Pursuant to Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the confirmation by the Stock Exchanges, the book closure period for the purpose of payment of the final dividend and 44th AGM will be from June 17, 2023 to June 23, 2023 (both days inclusive). The final dividend will be paid to eligible Shareholders on or before July 22, 2023 subject to deduction of tax at source as per the applicable rate(s).

The Board of Directors in their meeting held on March 05, 2022 declared second interim equity dividend of 120% (Rs. 12/- per equity share of nominal face value of Rs. 10/- each fully paid up) for the Financial Year 2021-22, amounting to Rs. 3,246,236,556/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders. The record date for payment of second interim equity dividend was March 14, 2022. The second interim dividend was paid to eligible shareholders on March 24, 2022. The Board of Directors in their meeting held on October 29, 2021 declared interim equity dividend of 80% (Rs. 8/- per equity share of nominal face value of Rs. 10/- each fully paid up) for the Financial Year 2021-22, amounting to Rs. 2,150,268,904/- (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders. The record date for payment of interim equity dividend was November 10, 2021. The interim dividend was paid to eligible shareholders on November 24, 2021. The Board of Directors in its meeting held on April 28, 2022 did not recommended final dividend. As such the interim dividend aggregating to Rs. 20/-per share (i.e. 200 %) was the final dividend for the Financial Year 2021-22 .

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

30 EQUITY SHARE CAPITAL (Contd.)

c. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date were Nil (March 31, 2022: Nil). Refer note 52 Business combination.

d. Details of shareholders holding more than 5% equity shares in the Company

Details of shareholding	As at March 31, 2023		As at March 31, 2022	
Name of the shareholder	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10/- each				
Shriram Capital Private Limited (formerly known as Shriram Financial Ventures (Chennai) Private Limited)	67,145,784	17.93%	-	-
Shriram Capital Limited (Refer note 52 Business combination)	-	-	70,437,147	26.04%
Piramal Enterprises Limited	31,221,449	8.34%	-	-
Life Insurance Corporation of India	₹	₹	18,004,597	6.66%

₹ holding less than 5% equity shares

e. Refer note 53 - Capital management for the Company's objectives, policies and processes for managing capital.

f. Proposed dividends on equity shares

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Proposed dividend on equity shares for the year ended on March 31, 2023: Rs. 20/- per share (March 31, 2022: Rs. Nil per share)	748.85	-
Total	748.85	-

g. Shareholding of Promoters

Promoter & Promoter Group	Relationship	Shares held at the end of the year		% Change during the year *
		No. of Shares	% of Total Shares	
As at March 31, 2023				
Shriram Capital Private Limited (formerly known as Shriram Financial Ventures (Chennai) Private Limited)	Promoter	67,145,784	17.93%	0.00%
Shriram Ownership Trust	Promoter	7,840,080	2.09%	13677.25%
Shriram Value Services Limited	Promoter group	12,993,461	3.47%	1130.00%
Sanlam Life Insurance Limited	Promoter group	7,536,951	2.01%	0.00%
As at March 31, 2022				
Shriram Capital Limited **	Promoter	70,437,147	26.04%	5.19%
Shriram Ownership Trust	Promoter group	56,906	0.02%	0.00%
Shriram Value Services Limited	Promoter group	1,056,379	0.39%	0.00%

* percentage change is computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

30 EQUITY SHARE CAPITAL (Contd.)

**As per the composite scheme of amalgamation of SCL and SCUF with STFC with appointed date as of April 01, 2022, the relevant share capital of SCL has been nullified in current financial year.

h. Amount of per share dividend recognised as distribution to equity shareholders

Particulars	Year ended March 31,	
	2023	2022
Proposed dividend for the year ended March 31, 2023 (Rs. per share)	20.00	-
Interim dividend for the year ended March 31, 2023 (Rs. per share)	15.00	-
Interim dividend for the year ended March 31, 2022 (Rs. per share)	-	20.00
Final dividend for the year ended March 31, 2021 (Rs. per share)	-	6.00

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
31 OTHER EQUITY		
Share application money pending allotment	-	-
Statutory reserve (Pursuant to Section 45-IC of The RBI Act, 1934)		
Opening balance	4,707.98	4,166.39
Add: Transfer from retained earnings	1,195.87	541.59
Add: Amalgamation adjustment account	1,706.81	-
Closing balance	7,610.66	4,707.98
Securities premium		
Opening balance	5,662.38	3,201.27
Add: Premium on shares issued during the year	11,689.60	2,482.54
Less: Share issue expenses incurred during the year	-	(21.43)
Closing balance	17,351.98	5,662.38
Capital reserve		
Opening balance	27.64	27.64
Effects of business combination (Refer note 52)	76.93	-
Closing balance	104.57	27.64
Capital redemption reserve	53.88	53.88
Debenture redemption reserve		
Opening Balance	307.28	921.41
Add: Creation due to business combinations	55.07	-
Add: Transfer from retained earnings	93.23	170.31
Less: Transfer to retained earnings on account of redemption	(36.45)	(784.44)
Closing balance	419.13	307.28
General reserve		
Opening balance	2,934.07	2,663.27
Add: Transfer from retained earnings	597.94	270.80
Add: Amount transferred from share option outstanding on account of forfeiture of share options	0.04	-
Closing balance	3,532.05	2,934.07

		(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022	
31 OTHER EQUITY (Contd.)			
Convertible warrants			
Money received during the year	-	250.00	
Shares allotted during the year	-	(250.00)	
Closing balance	-	-	
Share option outstanding			
Opening balance	-	-	
Add: Expenses on Employee Stock Option Plan (Refer note 51)	164.56	-	
Less: Adjustment on exercise of Employee Stock Option Plan	(53.33)	-	
Less: Transfer to general reserve on account of forfeiture of share options	(0.04)	-	
Add: Effects of business combination (Refer note 52)	83.65	-	
Closing balance	194.84	-	
Amalgamation adjustment account			
Opening balance	-	-	
Statutory reserve of transferor company reinstated	(1,706.81)	-	
Closing Balance	(1,706.81)	-	
Other comprehensive income			
Remeasurement gain/(loss) on defined benefit plan (net of tax)			
Opening balance	(12.08)	(9.66)	
Add: Addition during the year	(6.00)	(2.42)	
Closing balance	(18.08)	(12.08)	
Gain / (loss) on fair valuation of quoted investments in equity shares			
Opening balance	-	-	
Add: Addition during the year	(8.83)	-	
Closing balance	(8.83)	-	
Effective portion of cash flow hedges			
Opening balance	(213.40)	(93.02)	
Add: Addition during the year	(10.99)	(120.38)	
Closing balance	(224.39)	(213.40)	
Retained earnings			
Opening balance	12,193.92	10,384.13	
Add: Profit for the current year	5,979.34	2,707.93	
Add /(Less): Appropriations			
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(1,195.87)	(541.59)	
Transfer to general reserve	(597.94)	(270.80)	
Effects of business combination (Refer note 52)	(83.65)	-	
Amount transferred from share option outstanding on account of forfeiture of share options	0.90	-	
Transferred (to)/from debenture redemption reserve	(111.85)	614.13	
Interim dividend [March 31, 2023: Rs. 15.00 per share (March 31, 2022: Rs. 20.00 per share)]	(561.64)	(539.65)	
Final dividend (for March 31, 2021: Rs. 6.00 per share)	-	(160.23)	
Total appropriations	(2,550.05)	(898.14)	
Closing balance	15,623.21	12,193.92	
Total	42,932.21	25,661.67	

31 OTHER EQUITY (Contd.)

Nature and purpose of reserves

- a) **Share application money pending allotment:** The amount received on the application for equity shares of the Company on which allotment is not yet made, to the extent not refundable.
- b) **Securities premium:** The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- c) **Capital reserve:** Capital reserve is the excess of net assets taken over cost of consideration paid during amalgamation. (Refer note 52: Business combination)
- d) **Capital redemption reserve:** The Company has recognised capital redemption reserve on redemption of non-convertible redeemable preference shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the non-convertible redeemable preference shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve.
- e) **Debenture redemption reserve:**
 - (1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture redemption reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.
 - (2) As per the notification G.S.R. 574(E) dated August 16, 2019, the Ministry of Corporate Affairs has amended the Companies (Share Capital & Debentures) Rules, DRR need not be created for debentures issued by a Non-Banking Finance Company subsequent to the notification date. The Company has not created DRR on public issue of non-convertible debentures issued after the date of said notification.
 - (3) In respect of the debentures issued through public issue, the Company has created DRR of Rs. 93.23 crores (March 31, 2022: Rs. 170.31 crores). The Company subsequent to the year end has deposited a sum of Rs. 204.00 crores (March 31, 2022: Rs. 37.00 crores) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.
 - (4) On redemption of the debentures for which the DRR is created, the amounts no longer necessary to be retained in this account need to be transferred to the retained earnings.
- f) **General reserve:** Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- g) **Statutory reserve:** Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

31 OTHER EQUITY (Contd.)

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

- (3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

h) Amalgamation adjustment account: Upon amalgamation of the erstwhile Shriram City Union Finance ("SCUF") the transferor company, with Shriram Transport Finance Limited ("STFC") the transferee company, renamed as Shriram Finance Limited ("SFL"), the statutory reserves (i.e. Reserve under Section 45 IC of the Reserve Bank of India Act, 1934) of Rs. 1,706.81 crores of the Transferor Companies as on April 01, 2022 ("the Appointed Date") were recorded in the books of Shriram Finance Limited with a corresponding debit to Amalgamation Adjustment Account. When the identity of the statutory reserves is no longer required to be maintained, both the statutory reserves and the aforesaid account will be reversed. (Refer note 52: Business combination)

i) Share option outstanding: The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

j) Remeasurement gain/(loss) on defined benefit plan: Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

k) Other comprehensive income: Other comprehensive income includes Effective portion of cash flow hedges and Gain/(loss) on fair valuation of investments in quoted equity shares.

Effective portion of cash flow hedges represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to the statement of profit and loss only when the hedged transaction affects the statement of profit and loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

Gain/(loss) on fair valuation of investments in quoted equity shares represents gains and losses from the change in the fair value of investments in quoted equity instruments in accordance with paragraph 5.7.5 of Ind AS 109, Financial Instruments.

l) Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, general reserve and dividend distributed to shareholders.

(Rs. in crores)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total
32 INTEREST INCOME						
Interest on loans	27,504.20	-	27,504.20	18,054.67	-	18,054.67
Interest income from investments	412.17	81.91	494.08	275.11	40.85	315.96
Interest on deposits with banks						
- Margin money deposit	214.38	-	214.38	155.53	-	155.53
- Deposits with banks	315.08	-	315.08	88.14	-	88.14
Other interest income						
- Delayed payments by customers	74.84	-	74.84	28.79	-	28.79
- Unwinding of security deposit	4.78	-	4.78	3.17	-	3.17
Total	28,525.45	81.91	28,607.36	18,605.41	40.85	18,646.26

(Rs. in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
33 FEES AND COMMISSION INCOME		
Income from commission services - life insurance	41.49	16.52
Income from commission services - general insurance	70.59	36.15
Income from loan related and other commission services	130.53	47.41
Total	242.61	100.08

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss.

(Rs. in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Type of services or service		
Fees and commission income	242.61	100.08
Total revenue from contract with customers	242.61	100.08
Geographical markets		
- India	242.61	100.08
- Outside India	-	-
Total revenue from contract with customers	242.61	100.08
Timing of revenue recognition		
Services transferred at a point in time	242.61	100.08
Services transferred over time	-	-
Total revenue from contracts with customers	242.61	100.08

33 FEE AND COMMISSION INCOME (Contd.)

Contract balance

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Trade receivables	17.00	5.35
Contract assets	-	-

The Company does not have any contract assets or liability, hence disclosures related to it have not been presented.

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
34 NET GAIN/(LOSS) ON FAIR VALUE CHANGES		
(A) Net gain/(loss) on financial instruments at fair value through profit or loss:		
(i) On trading portfolio	-	-
(ii) On financial instruments designated at fair value through profit or loss	-	-
(B) Others:		
- Investment in shares, venture capital fund, mutual funds and certificate of deposits	373.62	236.83
- Direct assignment	(33.55)	(15.13)
Total Net gain/(loss) on fair value changes (C)	340.07	221.70
Fair value changes:		
- Realised	338.24	183.34
- Unrealised	1.83	38.36
Total Net gain/(loss) on fair value changes (D)	340.07	221.70

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
35 OTHER OPERATING INCOME		
Bad debt recovery	350.97	69.22
Total	350.97	69.22

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
36 OTHER INCOME		
Interest on income tax refund	14.66	-
Interest others	0.16	0.15
Miscellaneous income	15.91	18.91
Total	30.73	19.06

		(Rs. in crores)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022	
37 FINANCE COSTS			
On Financial liabilities measured at amortised cost			
Interest on deposits	2,347.08	1,710.15	
Interest on borrowings (other than debt securities)			
- Loans from banks	2,619.17	1,042.07	
- Loans from institutions and others	761.45	377.99	
- External commercial borrowings	524.99	368.27	
- Interest paid on securitisation	1,614.62	1,766.19	
Interest on debt securities			
- Debentures	2,646.22	1,780.59	
- Senior secured notes	75.32	90.86	
- External commercial bond	1,406.70	2,016.66	
- Commercial paper	-	40.90	
Interest on subordinated liabilities	502.86	508.66	
Other interest expense			
- Interest on tax liability	0.06	-	
- Interest on lease liability	47.29	31.97	
Total	12,545.76	9,734.31	

		(Rs. in crores)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022	
38 FEES AND COMMISSION EXPENSES			
Brokerage	30.01	44.79	
Commission paid for loan sourcing	229.42	-	
Professional charges-resource mobilisation	31.87	24.14	
Processing charges on loans	2.08	4.52	
Professional charges on securitisation	10.23	18.29	
Total	303.61	91.74	

		(Rs. in crores)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022	
39 IMPAIRMENT ON FINANCIAL INSTRUMENTS			
On financial instruments measured at amortised cost			
Loans (Refer note 64)*	4,128.79	3,865.02	
Investments	4.70	(2.00)	
Others			
- Undrawn commitments	(0.40)	(4.00)	
- Other assets	26.08	1.84	
Total	4,159.17	3,860.86	

*Includes loss on disposal of repossessed assets Rs. 293.79 crores for the year ended March 31, 2023 (March 31, 2022: Rs. 492.30 crores).

39 IMPAIRMENT ON FINANCIAL INSTRUMENTS (Contd.)

The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit and loss based on evaluation stage:

Year ended March 31, 2023

(Rs. in crores)

Particulars	General approach			Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective		
Loans and advances to customers measured at amortised cost	537.21	332.60	3,258.98	-	4,128.79
Debt instruments measured at amortised cost	4.70	-	-	-	4.70
<u>Others</u>					
- Undrawn commitments	(0.40)	-	-	-	(0.40)
- Other assets	-	-	-	26.08	26.08
Total impairment loss	541.51	332.60	3,258.98	26.08	4,159.17

Year ended March 31, 2022

(Rs. in crores)

Particulars	General approach			Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective		
Loans and advances to customers measured at amortised cost	1,228.00	76.37	2,560.65	-	3,865.02
Debt instruments measured at amortised cost	(2.00)	-	-	-	(2.00)
<u>Others</u>					
- Undrawn commitments	(4.00)	-	-	-	(4.00)
- Other assets	-	-	-	1.84	1.84
Total impairment loss	1,222.00	76.37	2,560.65	1.84	3,860.86

(Rs. in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
40 EMPLOYEE BENEFITS EXPENSES		
Salaries, other allowance and bonus	2,150.57	907.11
Contribution to provident and other funds	133.67	59.60
Staff welfare expenses	43.87	23.69
Gratuity expenses (Refer note 46)	13.44	6.69
Share based payments to employees	164.56	-
Total	2,506.11	997.09

(Rs. in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
41 DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Depreciation of property, plant and equipment	67.17	44.91
Depreciation of investment property	0.05	0.03
Amortisation of intangible assets	305.85	1.57
Depreciation on Right-of-use assets (Refer note 18)	151.11	88.86
Total	524.18	135.37

		(Rs. in crores)	
Particulars		Year ended March 31, 2023	Year ended March 31, 2022
42	OTHER EXPENSES		
	Rent (Refer note 18)	6.52	3.24
	Rates and taxes	30.68	5.22
	Energy costs	30.69	16.45
	Repairs and maintenance	96.55	60.61
	Communication costs	78.50	34.28
	Printing and stationery	39.86	10.30
	Advertisement and publicity	33.24	7.31
	Director's fees, allowances and expenses	2.14	1.25
	Auditor fees and expenses (Refer note 57 and 58)		
	- As Auditor	1.55	0.99
	- For taxation matters	0.09	0.09
	- For other services (certification)	0.33	0.09
	- For reimbursement of expenses	0.25	0.02
	Legal and professional charges	198.67	111.54
	Other expenditure:		
	Travelling and conveyance	122.05	69.38
	Business promotion	186.83	93.16
	Outsourcing expenses	131.73	63.82
	Royalty	324.85	204.19
	Insurance	7.69	2.03
	Bank charges	55.52	38.51
	Loss on sale of property, plant and equipment (net)	1.00	0.79
	Service charges	43.15	50.35
	CSR expenses (Refer note 63)	93.74	69.72
	Miscellaneous expenses	93.54	62.27
	Total	1,579.17	905.61

43 INCOME TAX

The components of income tax expense for the financial year ended March 31, 2023 and March 31, 2022 are:

		(Rs. in crores)	
Particulars		Year ended March 31, 2023	Year ended March 31, 2022
	Current tax	2,875.01	1,112.57
	Adjustment in respect of current income tax of prior years	11.50	(82.32)
	Deferred tax relating to origination and reversal of temporary differences	(680.96)	(188.93)
	Total tax charge	2,205.55	841.32
	Current tax	2,886.51	1,030.25
	Deferred tax	(680.96)	(188.93)

43 INCOME TAX (Contd.)

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate.

A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the financial year ended March 31, 2023 and March 31, 2022 is, as follows:

	(Rs. in crores)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	8,184.89	3,549.25
At India's statutory income tax rate of 25.168% (2022: 25.168%)	2,059.97	893.28
Adjustment in respect of current income tax of prior years	11.50	(82.32)
Income subject to tax at special rate	-	-
Income not subject to tax	-	-
Non-deductible expenses		
Corporate social responsibility expenditure not allowable for tax purpose	23.59	17.55
Adjustment in respect of prior years	(11.50)	82.32
Others	121.98	(69.51)
Income tax expense reported in the statement of profit and loss	2,205.55	841.32

The effective income tax rate for March 31, 2023 is 26.95% (March 31, 2022: 23.70%).

Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	(Rs. in crores)			
Particulars	Deferred tax assets	Deferred tax liabilities	Statement of Profit and Loss	OCI
	As at March 31, 2023	As at March 31, 2023	Year ended March 31, 2023	Year ended March 31, 2023
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	43.91	-	(0.50)	-
Provision for post retirement benefits	27.18	-	(8.84)	(2.02)
Expenses allowable for tax purposes when paid	49.33	-	(13.18)	-
EIR impact on debt instrument in the nature of borrowings measured at amortised cost	-	-	(4.41)	-
Cash flow hedge reserve	75.47	-	-	(3.69)
Impairment allowance on loans and advances	1,662.51	-	(812.82)	-
Impairment allowance for undrawn commitments	24.83	-	(9.25)	-
Fair valuation on derecognition of financial instrument	-	68.02	17.42	-
Right-of-use assets	22.24	-	(2.49)	-
ESOP compensation expenses	49.24	-	(28.24)	-
Fair valuation impact of merger	70.98	225.85	187.65	-
Other temporary differences	16.26	4.15	(6.30)	(2.97)
Total	2,041.93	298.01	(680.96)	(8.68)

43 INCOME TAX (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

Particulars	Deferred tax assets	Deferred tax liabilities	Statement of Profit and Loss	OCI
	As at March 31, 2022	As at March 31, 2022	Year ended March 31, 2022	Year ended March 31, 2022
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	25.23	-	(2.56)	-
Provision for post retirement benefits	10.20	-	0.46	(0.81)
Expenses allowable for tax purposes when paid	36.15	-	1.47	-
EIR impact on debt instrument in the nature of borrowings measured at amortised cost	-	4.34	(3.27)	-
Cash flow hedge reserve	71.77	-	-	(40.49)
Impairment allowance on loans and advances	762.27	-	(229.96)	-
Impairment allowance for undrawn commitments	10.75	-	1.51	-
Fair valuation on derecognition of financial instrument	-	47.61	35.82	-
Right-of-use assets	14.04	-	(1.35)	-
Other temporary differences	-	9.08	8.94	-
Total	930.41	61.03	(188.94)	(41.30)

Reconciliation of deferred tax assets/(liabilities)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	869.38	639.14
Recognised pursuant to merger of erstwhile Shriram City Union Finance Limited	184.89	-
Recognised in statement of profit and loss	680.96	188.94
Recognised in statement of profit and loss under OCI	8.68	41.30
Closing balance	1,743.92	869.38

Amounts recognised in respect of current tax / deferred tax directly in equity:

Particulars	As at March 31, 2023	As at March 31, 2022
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-

Tax losses

Particulars	As at March 31, 2023	As at March 31, 2022
Unused tax losses for which no deferred tax asset has been recognised	-	-

44 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit for the year attributable to equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax as per Statement of profit and loss (Rs. in crores) (A)	5,979.34	2,707.93
Weighted average number of equity shares for calculating basic EPS (in crores) (B)	37.44	26.62
Weighted average number of equity shares for calculating diluted EPS (in crores) (C)	37.61	26.62
Basic earnings per equity share (in Rupees) (face value of Rs. 10/- per share) (A) / (B)	159.69	101.74
Diluted earnings per equity share (in Rupees) (face value of Rs. 10/- per share) (A) / (C)	158.99	101.74

45 INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company has invested in the following entities:

Name of the entity	Relationship	Country of incorporation	Principal place of business	Principal activities	% Equity interest	
					As at March 31, 2023	As at March 31, 2022
Shriram Housing Finance Limited (SHFL)	Subsidiary	India	Mumbai	Housing Finance	84.82%	NA
Shriram Automall India Limited (SAMIL)	Associate	India	New Delhi	Market leader in physical bidding for acquisition and disposal of pre-owned vehicles and equipment.	44.56%	44.56%

The Company has recognised its investment in subsidiary and associate at cost.

The Company's share in the associate is as follows:

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
(a) share in profit or loss from continuing operations	8.56	13.17
(b) share in post-tax profit or loss from discontinued operations	-	-
(c) share in other comprehensive income	(0.26)	(0.02)
(d) share in total comprehensive income	8.30	13.15

46 RETIREMENT BENEFIT PLAN

a) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of trustees.

The Company makes Provident fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 112.05 crores (March 31, 2022: Rs. 50.66 crores) for Provident fund contributions and Rs. 20.35 crores (March 31, 2022: Rs. 8.80 crores) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary. The fund is managed by third party fund managers.

Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides contribution to be made by the Company based on the results of this annual review. The trust is in process of investing entire funds in government securities through third party fund managers and as on March 31, 2023, 74.78% funds are invested in government securities and balance 25.22% funds are invested in money market and corporate debt instruments. The Board of Trustees aim to keep annual contributions of the Company relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows:

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
Amounts recognised in statement of profit and loss in respect of defined benefit plans are as follows:		
Current service cost	13.88	6.56
Interest expense	9.87	4.61
Interest income	(10.31)	(4.48)
Past service cost	-	-
Components of defined benefit costs recognised in statement of profit and loss (A)	13.44	6.69
Remeasurement of gains/(losses) in other comprehensive income:		
Return on plan assets (excluding amounts included in net interest expense)	(0.94)	(0.01)
Actuarial changes arising from changes in demographic assumptions	(2.92)	0.55
Actuarial changes arising from changes in financial assumptions	(6.77)	(3.57)
Experience adjustments	18.66	6.27
Components of defined benefit costs recognised in other comprehensive income (B)	8.03	3.24
Total (A + B)	21.47	9.93

46 RETIREMENT BENEFIT PLAN (Contd.)

Movement in the present value of the defined benefit obligation are as follows :

	(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022
Change in the obligation during the year ended		
Present value of defined obligation at the beginning of the year	82.20	72.88
Expenses recognised in statement of profit and loss:		
Current service cost	13.88	6.56
Interest expense/(income)	9.87	4.61
Recognised in other comprehensive income remeasurement gains/(losses)	8.97	3.25
Liability transferred in/acquisitions	60.83	-
Benefits paid from the fund	(6.85)	(5.10)
Present value of defined obligation at the end of the year	168.90	82.20

Change in the Fair value of plan assets:

	(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	79.96	70.80
Interest income	10.31	4.48
Contributions by the employer	12.54	9.77
Assets transferred in acquisitions	69.43	-
Benefits paid from the fund	(6.85)	(5.10)
Return on plan assets excluding interest income	0.94	0.01
Fair value of plan assets at the end of the year	166.33	79.96

Calculation of benefit liability/ (asset):

	(Rs. in crores)	
Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation/ liability	168.90	82.20
Fair value of plan assets	166.33	79.96
Benefit liability	2.57	2.24

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Expected return on plan assets	7.41%	6.90%
Rate of discounting	7.41%	6.90%
Expected rate of salary increase	5.00%	5.00%
Rate of employee turnover	For service 4 years and below 26.00% p.a. and for service 5 years and above 6.00% p.a.	For service 4 years and below 25.00% p.a. and for service 5 years and above 7.25% p.a.

46 RETIREMENT BENEFIT PLAN (Contd.)

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality rate during employment	Indian Assured Lives mortality (2012-14) Urban	Indian Assured Lives mortality (2012-14) Urban
Mortality rate after employment	NA	NA

Investments quoted in active markets:

(Rs. in crores)		
Particulars	As at March 31, 2023	As at March 31, 2022
Government securities	124.38	75.16
Debt and other instruments	41.95	4.80
Total	166.33	79.96

(Rs. in crores)			
Assumptions	Sensitivity level	Impact on defined benefit obligation March 31, 2023	Impact on defined benefit obligation March 31, 2022
Discount rate	1% increase	(11.95)	(5.63)
	1% decrease	13.77	6.46
Future salary increases	1% increase	13.78	6.44
	1% decrease	(12.14)	(5.70)
Attrition rate	1% increase	2.49	0.84
	1% decrease	(2.82)	(0.95)

(Rs. in crores)		
Expected payment for future years	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	19.70	8.31
Between 2 and 5 years	55.50	29.15
Between 5 and 10 years	68.11	34.24
Beyond 10 years	205.60	83.99
Total expected payments	348.91	155.69

The Company expects to contribute Rs. 18.03 crores to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at March 31, 2023 is 9 years (March 31, 2022: 9 years).

Asset liability matching strategies

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

46 RETIREMENT BENEFIT PLAN (Contd.)

c) Compensated Absences

The principal assumptions used in determining obligations for the Company are shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Rate of discounting	7.41%	6.90%
Expected rate of salary increase	5.00%	5.00%
Rate of employee turnover		
Service 4 years and below	26.00%	25.00%
Service 5 years and above	6.00%	7.25%
Mortality	Indian Assured Lives mortality (2012-14) Urban	Indian Assured Lives mortality (2012-14) Urban

(Rs. in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Expenses recognised in statement of profit and loss	46.72	17.32

The Company has not funded its compensated absences liability and the same continues to remain as unfunded as at March 31, 2023.

The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

47 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	9,505.30	-	9,505.30	10,662.44	-	10,662.44
Bank balance other than above	6,117.55	194.56	6,312.11	5,133.24	559.48	5,692.72
Derivative financial instruments	498.64	170.17	668.81	-	201.40	201.40
Receivables						
(I) Trade receivables	17.00	-	17.00	5.35	-	5.35
(II) Other receivables	148.99	111.13	260.12	101.06	89.43	190.49
Loans	72,241.31	99,743.27	171,984.58	41,448.37	75,216.78	116,665.15
Investments	1,420.60	7,144.46	8,565.06	2,943.69	3,865.47	6,809.16
Other financial assets	-	72.70	72.70	-	51.45	51.45
Non-financial assets						
Current tax asset	-	716.97	716.97	-	228.24	228.24
Deferred tax assets (net)	-	1,743.92	1,743.92	-	869.38	869.38
Investment property	-	2.62	2.62	-	1.97	1.97

47 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Contd.)

(Rs. in crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Property, plant and equipment	-	209.49	209.49	-	110.56	110.56
Right-of-use assets	-	490.21	490.21	-	302.52	302.52
Intangible assets under development	-	66.08	66.08	-	-	-
Goodwill	-	1,406.73	1,406.73	-	-	-
Other intangible assets	-	1,217.65	1,217.65	-	3.04	3.04
Other non-financial assets	72.83	351.68	424.51	43.68	268.54	312.22
Total assets	90,022.22	113,641.64	203,663.86	60,337.83	81,768.26	142,106.09
Liabilities						
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	0.02	-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	293.24	-	293.24	165.70	0.31	166.01
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.36	-	0.36	1.46	-	1.46
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.09	-	1.09	1.21	-	1.21
Debt securities	19,009.08	24,643.51	43,652.59	11,901.72	29,354.83	41,256.55
Borrowings (other than debt securities)	31,719.07	41,870.95	73,590.02	19,869.86	26,807.07	46,676.93
Deposits	9,354.28	26,785.55	36,139.83	6,755.55	15,193.43	21,948.98
Subordinated liabilities	308.97	4,214.88	4,523.85	308.71	4,305.54	4,614.25
Lease liabilities	82.57	480.89	563.46	74.93	274.50	349.43
Other financial liabilities	944.98	75.68	1,020.66	755.06	104.58	859.64
Non-financial liabilities						
Current tax liabilities (net)	160.89	-	160.89	36.82	-	36.82
Provisions	211.48	-	211.48	99.87	38.31	138.18
Other non-financial liabilities	199.75	-	199.75	124.42	-	124.42
Total liabilities	62,285.76	98,071.46	160,357.22	40,095.33	76,078.57	116,173.90
Net	27,736.46	15,570.18	43,306.64	20,242.50	5,689.69	25,932.19

48 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Rs. in crores)

Particulars	As at March 31, 2022	Cash flows	Changes in fair value	Exchange difference	Other	As at March 31, 2023
Debt securities	41,256.55	2,237.81	-	-	158.23	43,652.59
Borrowings (other than debt securities)	46,676.93	26,688.78	-	-	224.31	73,590.02
Deposits	21,948.98	14,153.14	-	-	37.71	36,139.83
Subordinated liabilities	4,614.25	(138.30)	-	-	47.90	4,523.85
Lease liabilities	349.43	(182.65)	-	-	396.68	563.46
Total liabilities from financing activities	114,846.14	42,758.78	-	-	864.83	158,469.75

48 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

(Rs. in crores)						
Particulars	As at March 31, 2021	Cash flows	Changes in fair value	Exchange difference	Other	As at March 31, 2022
Debt securities	40,061.87	655.45	-	-	539.23	41,256.55
Borrowings (other than debt securities)	45,281.37	1,282.92	-	-	112.64	46,676.93
Deposits	16,232.41	5,753.63	-	-	(37.06)	21,948.98
Subordinated liabilities	4,620.76	(51.96)	-	-	45.45	4,614.25
Lease liabilities	349.49	(109.13)	-	-	109.07	349.43
Total liabilities from financing activities	106,545.90	7,530.91	-	-	769.33	114,846.14

49 CONTINGENT LIABILITIES AND COMMITMENTS

(A) Contingent liabilities

(Rs. in crores)		
Particulars	As at March 31, 2023	As at March 31, 2022
a. In respect of Income tax demands where the Company has filed appeal before various authorities	55.87	175.17
b. VAT demand where the Company has filed appeal before various appellates	4.92	117.21
c. Service tax demands where the Company has filed appeal before various authorities	2,056.61	1,976.41
d. Penalty levied for Contravention of provisions of Section 6(3) (b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	5.00	5.00
Total	2,122.40	2,273.79

Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

(Rs. in crores)		
Particulars	As at March 31, 2023	As at March 31, 2022
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	101.36	11.45
b. Commitments related to loans sanctioned but undrawn	283.98	92.43

50 RELATED PARTY TRANSACTIONS
Related Parties as at March 31, 2023

Relationship	Name of the party
I Promoter	: Shriram Capital Private Limited (formerly known as Shriram Financial Venture (Chennai) Private Limited) (w.e.f. November 24, 2022) Shriram Capital Limited (upto November 24, 2022)
II Promoter Group	: Shriram Value Services Limited Novac Technology Solutions Private Limited Shriram Fortune Solutions Limited Shriram General Insurance Company Limited Shriram Insight Share Brokers Limited Shriram Life Insurance Company Limited Shriram Asset Management Company Limited Shriram Financial Products Solutions (Chennai) Private Limited Insight Commodities and Futures Private Limited (upto May 18, 2022) Shriram Credit Company Limited Shriram Overseas Investments Private Limited Shriram Wealth Limited Bharath Investments Pte. Limited, Singapore SGI Philippines General Insurance Co. Inc. Novac Digital Service Private Limited Shriram LI Holdings Private Limited SEA funds Management India Private Limited Way2wealth Insurance Brokers Private Limited Way2wealth Securities Private Limited Way2wealth Brokers Private Limited Way2wealth Commodities Private Limited Shriram GI Holdings Private Limited Shriram Investment Holdings Limited Shriram Asset Reconstruction Private Limited (w.e.f. December 01, 2022) Novac Technology FZCO (w.e.f. February 08, 2023)
III Subsidiary	: Shriram Housing Finance Limited (w.e.f. April 01, 2022)
IV Associates	: Shriram Automall India Limited Cartradeexchange Solutions Private Limited Adroit Inspection Service Private Limited Augeo Asset Management Private Limited
V Key Management Personnel (KMP)	: Mr. Umesh Revankar, Vice Chairman & Managing Director (upto December 04, 2022) Mr. Umesh Revankar, Executive Vice Chairman (w.e.f. December 05, 2022) Mr. Y. S. Chakravarti, Director (upto December 04, 2022) Mr. Y. S. Chakravarti, Managing Director & CEO (w.e.f. December 05, 2022) Mr. Jugal Kishore Mohapatra, Chairman (w.e.f. December 04, 2022) Mr. Parag Sharma, Whole Time Director, Joint Managing Director & CFO Mr. S. Lakshminarayanan (upto December 04, 2022) Mrs. Kishori Udeshi (upto December 04, 2022) Mr. S. Sridhar, Independent Director Mr. Pradeep Kumar Panja, Independent Director

50 RELATED PARTY DISCLOSURES (Contd.)

- V Key Management Personnel (KMP) : Mrs. Maya Sinha, Independent Director (w.e.f. December 04, 2022)
Mr. D. V. Ravi, Director
Mr. Ignatius Michael Viljoen, Director
Mr. Srinivas K, Joint Managing Director (w.e.f. December 04, 2022)
Mr. G. M. Jilani, Joint Managing Director (w.e.f. December 04, 2022)
Mr. P. Sridharan, Joint Managing Director
Mr. Sudarshan Holla, Joint Managing Director
Mr. Nilesh Odedara, Joint Managing Director
Mr. S. Sunder, Joint Managing Director
Mr. R. Chandrasekar, Joint Managing Director & Chief Compliance Officer (w.e.f. December 04, 2022)
Mr. Aseem Gandhi, Executive Director (w.e.f. December 04, 2022)
Mr. U Balasundararao
Mr. Hardeep Singh Tur, Chief Risk Officer
- VI Relatives of Key Management Personnel (with whom the company has transactions) : Mrs. Suchita U. Revankar (Spouse of Mr. Umesh Revankar)
Mrs. Geeta G. Revankar (Mother of Mr. Umesh Revankar)
Mr. Anil G. Revankar (Brother of Mr. Umesh Revankar)
Mr. Shreyas U. Revankar (Son of Mr. Umesh Revankar)
Mr. Shirish U. Revankar (Son of Mr. Umesh Revankar)
Mr. Jayendra Purshottamdas Udeshi (Spouse of Mrs. Kishori Udeshi) (upto December 04, 2022)
Mrs. P. Suchitra (Sister of Mr. Pradeep Kumar Panja)
Mrs. P. Surekha (Sister of Mr. Pradeep Kumar Panja)
Mrs. Rama Sharma (Mother of Mr. Parag Sharma)
Ms. Atibhi Sharma (Daughter of Mr. Parag Sharma)
Mr. Amit Sharma (Brother of Mr. Parag Sharma)
Mrs. Sujatha Sunder (Spouse of Mr. S. Sunder)
Mrs. S. Arulmozhi (Spouse of Mr. P. Sridharan)
Mr. Sree Bhargav Y. (Son of Mr. Y. S. Chakravarti)
Mrs. Barathy Chandrasekar (Spouse of Mr. R. Chandrasekar)
Mrs. Deepika Karthik (Daughter of Mr. R. Chandrasekar)
Mr. Karthik (Husband of Daughter of Mr. R. Chandrasekar)
Ms. S. Karunyalakshmi (Daughter of Mr. P. Sridharan)
- VII Employee's Benefit Plan : Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme
Shriram City Union Finance Limited Employees Group Gratuity Assurance Scheme (w.e.f. April 01, 2022)

Note: Reduction in Promoter (Shriram Capital Private Limited) % holding is due to the merger scheme.

50 RELATED PARTY TRANSACTIONS (Contd.)

Summary of Related Party Transactions

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Payments/ Expenses																
Payment to key management personnel	-	-	-	-	-	-	-	-	-	-	11.32	4.80	-	-	11.32	4.80
Royalty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	39.58	46.19	298.03	187.67	-	-	-	-	-	-	-	-	-	-	298.03	187.67
I.T. and BPO charges	-	-	121.85	55.86	-	-	-	-	-	-	-	-	-	-	39.58	46.19
Intangible assets under development	-	-	56.00	-	-	-	-	-	-	-	-	-	-	-	121.85	55.86
Rent	-	-	0.02	0.02	0.07	-	14.21	11.36	-	-	-	-	-	-	56.00	-
Payment for assignment	-	-	-	-	32.15	-	-	-	-	-	-	-	-	-	14.29	11.38
Business mobilisation expenses	-	-	-	-	-	-	0.04	0.07	-	-	-	-	-	-	32.15	-
Other administrative expenses	-	-	0.03	-	0.04	-	13.84	11.09	-	-	-	-	-	-	0.04	0.07
Insurance premium	-	-	23.54	9.62	-	-	-	-	-	-	-	-	-	-	13.91	11.09
Security deposit paid	-	-	0.45	-	-	-	-	-	-	-	-	-	-	-	23.54	9.62
Commission	-	-	100.51	100.94	-	-	0.32	1.10	-	-	-	-	-	-	0.45	-
Sales promotion	-	-	56.01	31.84	-	-	-	-	-	-	-	-	-	-	100.83	102.04
Unsecured loan and advances repaid	-	-	-	-	-	-	0.29	21.01	-	-	-	-	-	-	56.01	31.84
Revenue sharing paid	-	-	-	-	-	-	0.00	0.72	-	-	-	-	-	-	-	21.01
Valuation charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.29	0.72
Investment in mutual fund	-	-	31.50	-	-	-	-	-	-	-	-	-	-	-	0.00	0.72
Purchase of property, plant and equipment	-	-	0.37	-	-	-	-	-	-	-	-	-	-	-	31.50	-
Gratuity paid	-	-	-	-	0.15	-	-	-	-	-	-	-	-	-	0.37	-
Interest paid	-	0.91	75.81	60.60	-	-	-	-	-	-	-	-	-	-	0.15	-
Equity dividend	100.72	219.84	18.89	0.11	-	-	2.44	3.52	-	-	0.04	0.83	0.08	0.09	78.38	65.95
Subordinated debts matured	-	-	33.90	-	-	-	-	-	-	-	0.10	0.10	0.00	0.00	119.72	220.05
Non-convertible debenture (secured) matured	-	10.00	32.11	38.36	-	-	1.10	5.00	-	-	0.10	2.21	0.07	0.10	33.90	-
Fixed deposit matured	-	-	4.07	1.50	-	-	8.00	-	-	-	0.04	0.50	0.45	0.26	12.55	2.26
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	-	-	16.48	9.77	-	-	-	-	16.48	9.77
Inter-corporate deposit repaid	-	-	-	-	-	-	48.28	84.60	-	-	-	-	-	-	48.28	84.60
Receipts/ Income																
Recovery of common sharing expenses	0.02	0.02	0.62	0.95	0.06	-	0.24	0.59	-	-	-	-	-	-	0.94	1.56
Commission received on disbursement	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	0.07	-
Reimbursement of expenses	-	0.01	0.04	-	0.12	-	-	-	-	-	-	-	-	-	0.16	0.01
Dividend received	-	-	-	-	-	-	5.35	-	-	-	-	-	-	-	5.35	-
Gratuity, leave encashment, bonus and leave travel allowances received	0.03	-	5.63	-	-	-	0.15	-	-	-	-	-	-	-	5.81	-
Sale of property, plant and equipment	-	-	0.02	0.00	0.01	-	-	-	-	-	-	-	-	-	0.03	0.00
Rent and electricity	0.10	0.17	0.10	-	0.40	-	4.21	4.18	-	-	-	-	-	-	4.81	4.35
Business auxiliary services	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	-
Collection fees income	-	-	-	-	0.06	-	-	-	-	-	-	-	-	-	0.06	-
Other income	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Insurance claims	-	-	0.54	-	-	-	-	-	-	-	-	-	-	-	0.54	-
Insurance premium received	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Investment in mutual fund redeemed	-	-	25.10	-	-	-	-	-	-	-	-	-	-	-	25.10	-
Revenue sharing received	-	-	-	-	-	-	0.42	-	-	-	-	-	-	-	0.42	-
Commission received	-	-	92.39	49.60	-	-	-	-	-	-	-	-	-	-	92.39	49.60
Fixed deposit received	-	-	22.07	15.63	-	-	19.66	65.50	-	-	1.12	0.26	1.53	0.97	44.39	82.36
Received towards preferential issue warrants	-	250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	250.00
Received towards convertible warrants	-	250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	250.00
Inter-corporate deposit received	-	-	-	-	-	-	20.83	62.75	-	-	-	-	-	-	20.83	62.75

50 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Balance outstanding at the year end																
Equity share capital	67.15	70.44	12.99	1.06	-	-	-	-	-	-	0.07	0.05	0.00	0.00	80.21	71.55
Investment in equity shares	-	-	-	-	1,562.24	-	13.37	13.37	-	-	-	-	-	-	1,575.61	13.37
Commission and other receivables	-	-	29.97	4.67	0.24	-	-	-	-	-	-	-	-	-	30.21	4.67
Outstanding expenses	0.02	11.41	87.65	88.84	0.59	-	1.06	0.91	-	-	-	-	-	-	89.32	101.16
Investment in mutual fund	-	-	12.00	-	-	-	-	-	-	-	-	-	-	-	12.00	-
Fixed deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Public deposit	-	-	-	-	-	-	-	-	-	-	1.30	1.47	2.17	1.55	3.47	3.02
- Deposit from corporates	-	-	64.11	29.57	-	-	107.76	89.37	-	-	-	-	-	-	171.87	118.94
Subordinated debt	-	-	523.20	516.07	-	-	-	-	-	-	-	-	-	-	523.20	516.07
Non-convertible debenture (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Public issue	-	-	70.80	29.28	-	-	16.88	17.86	-	-	0.13	-	0.09	-	87.68	47.36
- Privately placed	-	-	370.13	10.01	-	-	-	-	-	-	-	-	-	-	370.13	10.01
Inter-corporate deposit	-	-	-	-	-	-	-	27.45	-	-	-	-	-	-	-	27.45

Income /expenses are presented excluding GST.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

There were no guarantees given on behalf of related parties during the year.

The Company has not granted loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial year ended March 31, 2023 and March 31, 2022.

Breakup of Related Party Transactions

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Payments/ Expenses																
Employee benefits for key management personnel																
- Short term benefits	-	-	-	-	-	-	-	-	-	-	7.99	3.22	-	-	7.99	3.22
- Post employment benefits	-	-	-	-	-	-	-	-	-	-	1.78	0.43	-	-	1.78	0.43
Commission and sitting fee paid to directors																
- Mr. S. Lakshminarayanan	-	-	-	-	-	-	-	-	-	-	0.32	0.31	-	-	0.32	0.31
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	-	-	0.30	0.26	-	-	0.30	0.26
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.37	0.30	-	-	0.37	0.30
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.39	0.28	-	-	0.39	0.28
- Mrs. Maya Sinha	-	-	-	-	-	-	-	-	-	-	0.09	-	-	-	0.09	-
- Mr. Jugal Kishore Mohapatra	-	-	-	-	-	-	-	-	-	-	0.07	-	-	-	0.07	-
License fees																
- Shriram Value Services Limited	-	-	298.03	187.67	-	-	-	-	-	-	-	-	-	-	298.03	187.67
Service charges																
- Shriram Capital Limited	32.25	46.19	-	-	-	-	-	-	-	-	-	-	-	-	32.25	46.19
- Shriram Capital Private Limited	7.33	-	-	-	-	-	-	-	-	-	-	-	-	-	7.33	-
Voice call services																
- Novac Technology Solutions Private Limited	-	-	11.05	8.91	-	-	-	-	-	-	-	-	-	-	11.05	8.91
IT and BPO charges																
- Novac Technology Solutions Private Limited	-	-	110.80	46.96	-	-	-	-	-	-	-	-	-	-	110.80	46.96
Intangible assets under development																
- Novac Technology Solutions Private Limited	-	-	56.00	-	-	-	-	-	-	-	-	-	-	-	56.00	-

50 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Rent																
- Shriram Automall India Limited	-	-	-	-	-	-	14.21	11.36	-	-	-	-	-	-	14.21	11.36
- Shriram Housing Finance Limited	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	0.07	-
- Shriram Asset Management Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02
Payments for assignment																
- Shriram Housing Finance Limited	-	-	-	-	32.15	-	-	-	-	-	-	-	-	-	32.15	-
Business mobilisation expenses																
- Shriram Automall India Limited	-	-	-	-	-	-	0.04	0.07	-	-	-	-	-	-	0.04	0.07
Other administrative expenses																
- Shriram Housing Finance Limited	-	-	-	-	0.04	-	-	-	-	-	-	-	-	-	0.04	-
- Shriram Insight Share Brokers Limited	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	0.03	-
- Shriram Automall India Limited	-	-	-	-	-	-	13.84	11.09	-	-	-	-	-	-	13.84	11.09
Insurance premium																
- Shriram Life Insurance Company Limited	-	-	14.15	-	-	-	-	-	-	-	-	-	-	-	14.15	5.99
- Shriram General Insurance Company Limited	-	-	9.39	3.63	-	-	-	-	-	-	-	-	-	-	9.39	3.63
Security deposit paid																
- Shriram Life Insurance Company Limited	-	-	0.25	-	-	-	-	-	-	-	-	-	-	-	0.25	-
- Shriram General Insurance Company Limited	-	-	0.20	-	-	-	-	-	-	-	-	-	-	-	0.20	-
Commission																
- Shriram Fortune Solutions Limited	-	-	68.22	82.04	-	-	-	-	-	-	-	-	-	-	68.22	82.04
- Adroit Inspection Service Private Limited	-	-	-	-	-	-	0.32	1.10	-	-	-	-	-	-	0.32	1.10
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	21.38	7.92	-	-	-	-	-	-	-	-	-	-	21.38	7.92
- Shriram Insight Share Brokers Limited	-	-	8.92	8.23	-	-	-	-	-	-	-	-	-	-	8.92	8.23
- Shriram Wealth Limited	-	-	1.61	2.56	-	-	-	-	-	-	-	-	-	-	1.61	2.56
- Way2wealth Securities Private Limited	-	-	0.38	0.19	-	-	-	-	-	-	-	-	-	-	0.38	0.19
Sales promotion																
- Shriram Fortune Solutions Limited	-	-	40.80	23.99	-	-	-	-	-	-	-	-	-	-	40.80	23.99
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	12.75	5.16	-	-	-	-	-	-	-	-	-	-	12.75	5.16
- Shriram Insight Share Brokers Limited	-	-	2.03	2.04	-	-	-	-	-	-	-	-	-	-	2.03	2.04
- Shriram Wealth Limited	-	-	0.37	0.59	-	-	-	-	-	-	-	-	-	-	0.37	0.59
- Way2wealth Securities Private Limited	-	-	0.08	0.05	-	-	-	-	-	-	-	-	-	-	0.08	0.05
Unsecured loan and advances repaid																
- Shriram Automall India Limited	-	-	-	-	-	-	-	21.01	-	-	-	-	-	-	-	21.01
Revenue sharing paid																
- Shriram Automall India Limited	-	-	-	-	-	-	0.29	-	-	-	-	-	-	-	0.29	-
Interest on inter-corporate deposit																
- Shriram Automall India Limited	-	-	-	-	-	-	0.55	1.28	-	-	-	-	-	-	0.55	1.28

50 RELATED PARTY TRANSACTIONS (Contd.)																
(Rs. in crores)																
Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total		
March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Particulars																
Valuation charges paid																
-	-	-	-	-	-	-	0.72	-	-	-	-	-	-	-	0.72	
- Adroit Inspection Service Private Limited																
-	-	-	-	-	-	-	0.00	-	-	-	-	-	-	0.00	-	
- Shriram Automall India Limited																
Investment in mutual fund																
-	-	31.50	-	-	-	-	-	-	-	-	-	-	-	31.50	-	
- Shriram Asset Management Company Limited																
Purchase of property, plant and equipment																
-	-	0.07	-	-	-	-	-	-	-	-	-	-	-	0.07	-	
- Shriram Life Insurance Company Limited																
-	-	0.30	-	-	-	-	-	-	-	-	-	-	-	0.30	-	
- Shriram Fortune Solutions Limited																
-	-	-	-	0.15	-	-	-	-	-	-	-	-	-	0.15	-	
- Shriram Housing Finance Limited																
Interest on fixed deposit																
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Key management personnel																
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Mrs. Kishori Udeshi																
-	-	-	-	-	-	-	-	-	-	0.15	-	-	-	-	0.15	
- Mr. Parag Sharma																
-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00	-	
- Mr. Hardeep Singh Tur																
-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00	-	
- Relative of key management personnel																
-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.06	0.05	0.06	
- Shriram Automall India Limited																
-	-	0.02	-	-	-	-	0.34	-	-	-	-	-	-	0.34	-	
- Shriram Fortune Solutions Limited																
-	-	-	0.26	-	-	-	-	-	-	-	-	-	-	-	-	
- Shriram Asset Management Company Limited																
-	-	-	-	-	-	-	0.06	-	-	-	-	-	-	0.06	-	
- Cartradeexchange Solutions Private Limited																
Interest on subordinated debt																
-	-	13.73	12.38	-	-	-	-	-	-	-	-	-	-	13.73	12.38	
- Shriram Life Insurance Company Limited																
-	-	34.33	34.41	-	-	-	-	-	-	-	-	-	-	34.33	34.41	
- Shriram General Insurance Company Limited																
Interest on non-convertible debenture (secured)																
-	-	11.25	3.22	-	-	-	-	-	-	-	-	-	-	11.25	3.22	
- Shriram Life Insurance Company Limited																
-	-	16.20	-	-	-	-	-	-	-	-	-	-	-	16.20	-	
- Shriram General Insurance Company Limited																
-	-	0.27	1.42	-	-	-	-	-	-	-	-	-	-	0.27	1.42	
- Shriram Asset Management Company Limited																
-	-	0.01	0.05	-	-	-	-	-	-	-	-	-	-	0.01	0.05	
- Shriram Insight Share Brokers Limited																
-	-	-	-	-	-	-	1.49	2.24	-	-	-	-	-	1.49	2.24	
- Shriram Automall India Limited																
-	0.91	-	-	-	-	-	-	-	-	-	-	-	-	-	0.91	
- Shriram Capital Limited																
-	-	-	8.86	-	-	-	-	-	-	-	-	-	-	-	8.86	
- Shriram Value Services Limited																
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Key management personnel																
-	-	-	-	-	-	-	-	-	-	-	0.62	-	-	-	0.62	
- Mr. Umesh Revankar																
-	-	-	-	-	-	-	-	-	-	0.04	0.03	-	-	0.04	0.03	
- Mr. Pradeep Kumar Panja																
-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	0.03	
- Mr. S. Sridhar																
-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.03	0.03	0.03	
- Relative of key management personnel																

50 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Equity dividend																
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.07	0.09	-	-	0.07	0.09
- Mr. S. Sunder	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. P. Sridharan	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. Sudarshan Holla	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. U Balasundararao	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	0.01	-
- Mr. D. V. Ravi	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00	-
- Mr. G. M. Jilani	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	0.02	-
- Shriram Capital Limited	-	219.84	-	-	-	-	-	-	-	-	-	-	-	-	-	219.84
- Shriram Capital Private Limited	100.72	-	-	0.11	-	-	-	-	-	-	-	-	-	-	100.72	0.11
- Shriram Value Services Limited	-	-	18.89	-	-	-	-	-	-	-	-	-	-	-	18.89	-
Subordinated debts matured																
- Shriram General Insurance Company Limited	-	-	27.90	-	-	-	-	-	-	-	-	-	-	-	27.90	-
- Shriram Life Insurance Company Limited	-	-	6.00	-	-	-	-	-	-	-	-	-	-	-	6.00	-
Non convertible debenture (secured) matured																
- Shriram Life Insurance Company Limited	-	-	31.90	-	-	-	-	-	-	-	-	-	-	-	31.90	-
- Shriram Insight Share Brokers Limited	-	-	-	0.52	-	-	-	-	-	-	-	-	-	-	-	0.52
- Shriram Capital Limited	-	10.00	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00
- Shriram Asset Management Company Limited	-	-	0.21	12.84	-	-	-	-	-	-	-	-	-	-	0.21	12.84
- Shriram Automall India Limited	-	-	-	-	-	-	1.10	5.00	-	-	-	-	-	-	1.10	5.00
- Shriram Value Services Limited	-	-	-	25.00	-	-	-	-	-	-	-	-	-	-	-	25.00
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. Umesh Revankar	-	-	-	-	-	-	-	-	-	-	2.00	-	-	-	-	2.00
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.10	0.10	-	-	0.10	0.10
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.11	-	-	-	-	0.11
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.07	0.10	0.07	0.10
Fixed deposit matured																
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	-	-	0.50	-	-	-	-	0.50
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00	-
- Mr. Hardeep Singh Tur	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	0.03	-
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.45	0.26	0.45	0.26
- Shriram Automall India Limited	-	-	-	-	-	-	5.00	-	-	-	-	-	-	-	5.00	-
- Shriram Fortune Solutions Limited	-	-	4.07	-	-	-	-	-	-	-	-	-	-	-	4.07	-
- Shriram Asset Management Company Limited	-	-	-	1.50	-	-	-	-	-	-	-	-	-	-	-	1.50
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	3.00	-	-	-	-	-	-	-	3.00	-

50 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	-	-	16.48	9.77	-	-	-	-	16.48	9.77
Inter-corporate deposit repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	140.30	276.94	853.09	486.52	32.40	-	48.28	84.60	16.48	9.77	11.60	8.44	0.60	0.45	1,142.98	920.58
Receipts/ Income																
Recovery of common sharing expenses																
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.24	0.59
- Shriram Insight Share Brokers Limited	-	-	0.03	0.03	-	-	-	-	-	-	-	-	-	-	0.02	0.02
- Shriram Fortune Solutions Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.03
- Shriram Credit Company Limited	-	-	0.50	0.92	-	-	-	-	-	-	-	-	-	-	0.50	0.92
- Shriram Housing Finance Limited	-	-	0.09	-	-	-	-	-	-	-	-	-	-	-	0.09	-
Commission received on disbursements																
- Shriram Housing Finance Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-
Reimbursement of expenses																
- Shriram Fortune Solutions Limited	-	-	0.04	-	-	-	-	-	-	-	-	-	-	-	0.07	-
- Shriram Insight Share Brokers Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.04	-
- Shriram Housing Finance Limited	-	-	-	-	0.12	-	-	-	-	-	-	-	-	-	0.01	-
Dividend received																
- Shriram Automall India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12	-
Gratuity, leave encashment, bonus and leave travel allowances received																
- Shriram Capital Limited	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	5.35	-
- Shriram Automall India Limited	-	-	-	-	-	-	0.15	-	-	-	-	-	-	-	0.15	-
- Shriram General Insurance Company Limited	-	-	0.55	-	-	-	-	-	-	-	-	-	-	-	0.03	-
- Shriram Life Insurance Company Limited	-	-	0.80	-	-	-	-	-	-	-	-	-	-	-	0.55	-
- Novac Technology Solutions Private Limited	-	-	4.25	-	-	-	-	-	-	-	-	-	-	-	0.80	-
- Shriram Fortune Solutions Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	4.25	-
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	0.01	-
- Shriram Value Services Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Sale of property, plant and equipment																
- Novac Technology Solutions Private Limited	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	0.00
- Shriram Life Insurance Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02	-
- Shriram Housing Finance Limited	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01	-
Rent and electricity																
- Shriram Fortune Solutions Limited	-	-	0.10	-	-	-	-	-	-	-	-	-	-	-	0.10	-
- Shriram Insight Share Brokers Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01	-
- Shriram Housing Finance Limited	-	-	-	-	0.40	-	-	-	-	-	-	-	-	-	0.40	-
- Shriram Capital Limited	0.10	0.17	-	-	-	-	-	-	-	-	-	-	-	-	0.10	0.17
- Shriram Automall India Limited	-	-	-	-	-	-	4.21	4.18	-	-	-	-	-	-	4.21	4.18

50 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Business auxiliary services																
- Shriram Capital Private Limited	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	-
Collection fees income																
- Shriram Housing Finance Limited	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	0.06	-
Other income																
- Shriram Asset Management Company Limited	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Insurance claim																
- Shriram General Insurance Company Limited	-	-	0.54	-	-	-	-	-	-	-	-	-	-	-	0.54	-
Insurance premium received																
- Shriram Capital Limited	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Investment in mutual fund redeemed																
- Shriram Asset Management Company Limited	-	-	25.10	-	-	-	-	-	-	-	-	-	-	-	25.10	-
Revenue sharing received																
- Shriram Automall India Limited	-	-	-	-	-	-	0.42	-	-	-	-	-	-	-	0.42	-
Commission received																
- Shriram General Insurance Company Limited	-	-	50.90	33.08	-	-	-	-	-	-	-	-	-	-	50.90	33.08
- Shriram Life Insurance Company Limited	-	-	41.49	16.52	-	-	-	-	-	-	-	-	-	-	41.49	16.52
Fixed deposit																
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	-	-	0.25	-	-	-	-	0.25
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.10	-	-	-	0.10	-
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	0.00	-
- Mr. Hardeep Singh Tur	-	-	-	-	-	-	-	-	-	-	0.00	0.01	-	-	0.00	0.01
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	1.02	-	-	-	1.02	-
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	1.53	0.97	1.53	0.97
- Shriram Asset Management Company Limited	-	-	20.00	15.63	-	-	-	-	-	-	-	-	-	-	20.00	15.63
- Shriram Fortune Solutions Limited	-	-	2.07	-	-	-	-	-	-	-	-	-	-	-	2.07	-
- Shriram Automall India Limited	-	-	-	-	-	-	11.16	54.00	-	-	-	-	-	-	11.16	54.00
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	8.50	11.50	-	-	-	-	-	-	8.50	11.50
Received towards preferential issue																
- Shriram Capital Limited	-	250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	250.00
Received towards convertible warrants																
- Shriram Capital Limited	-	250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	250.00
Inter-corporate deposit																
- Shriram Automall India Limited	-	-	-	-	-	-	20.83	62.75	-	-	-	-	-	-	20.83	62.75
TOTAL	0.23	500.20	146.52	66.18	0.71	-	50.86	133.02	-	-	1.12	0.26	1.53	0.97	200.98	700.63

Income /expenses are presented excluding GST.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

The Company has not granted loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial year ended March 31, 2023 and March 31, 2022.

50 RELATED PARTY TRANSACTIONS (Contd.)

Breakup of Related Party Transactions

	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
Particulars																
Balance outstanding at the year end																
Equity share capital																
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00
- Key management personnel																
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.05	0.05	-	-	0.05	0.05
- Mr. S. Sunder	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. P. Sridharan	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. Sudarshan Holla	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. U Balasundarao	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. D. V. Ravi	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	-
- Mr. G. M. Jilani	-	-	-	-	-	-	-	-	-	-	0.02	0.02	-	-	0.02	-
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	0.01	0.01	-	-	0.01	-
- Shriram Capital Private Limited	67.15	-	-	-	-	-	-	-	-	-	-	-	-	-	67.15	-
- Shriram Capital Limited	-	70.44	-	-	-	-	-	-	-	-	-	-	-	-	-	70.44
- Shriram Value Services Limited	-	-	12.99	1.06	-	-	-	-	-	-	-	-	-	-	12.99	1.06
Investment in equity shares																
- Shriram Automall India Limited	-	-	-	-	-	-	13.37	13.37	-	-	-	-	-	-	-	-
- Shriram Housing Finance Limited	-	-	-	-	1,562.24	-	-	-	-	-	-	-	-	-	1,562.24	-
Commission & other receivables																
- Shriram General Insurance Company Limited	-	-	6.81	3.21	-	-	-	-	-	-	-	-	-	-	6.81	3.21
- Shriram Life Insurance Company Limited	-	-	7.03	1.46	-	-	-	-	-	-	-	-	-	-	7.03	1.46
- Shriram Fortune Solutions Limited	-	-	4.25	-	-	-	-	-	-	-	-	-	-	-	4.25	-
- Shriram Investment Holding Limited	-	-	11.87	-	-	-	-	-	-	-	-	-	-	-	11.87	-
Outstanding expenses																
- Shriram Housing Finance Limited	-	-	-	-	0.24	-	-	-	-	-	-	-	-	-	0.24	-
- Shriram Housing Finance Limited	-	-	-	-	0.59	-	-	-	-	-	-	-	-	-	0.59	-
- Shriram Capital Limited	-	11.41	-	-	-	-	-	-	-	-	-	-	-	-	-	11.41
- Shriram Capital Private Limited	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-
- Shriram Automall India Limited	-	-	-	-	-	-	1.06	0.91	-	-	-	-	-	-	1.06	0.91
- Shriram Value Services Limited	-	-	76.91	77.85	-	-	-	-	-	-	-	-	-	-	76.91	77.85
- Novac Technology Solutions Private Limited	-	-	7.75	1.96	-	-	-	-	-	-	-	-	-	-	7.75	1.96
- Shriram Fortune Solutions Limited	-	-	0.30	6.37	-	-	-	-	-	-	-	-	-	-	0.30	6.37
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	1.90	1.85	-	-	-	-	-	-	-	-	-	-	1.90	1.85
- Shriram Insight Share Brokers Limited	-	-	0.68	0.65	-	-	-	-	-	-	-	-	-	-	0.68	0.65
- Shriram Wealth Limited	-	-	0.04	0.08	-	-	-	-	-	-	-	-	-	-	0.04	0.08
- Way2wealth Securities Private Limited	-	-	0.07	0.08	-	-	-	-	-	-	-	-	-	-	0.07	0.08
Investment in mutual fund																
- Shriram Asset Management Company Limited	-	-	12.00	-	-	-	-	-	-	-	-	-	-	-	12.00	-
Fixed deposit																
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	-	-	-	1.27	-	-	-	1.27
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	-	0.06	0.06

50 RELATED PARTY TRANSACTIONS (Contd.)

Particulars	Promoter		Promoter group		Subsidiary		Associates		Employee's benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rs. in crores)															
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	-	-	0.22	0.11	-	-	0.22	0.11
- Mr. Parag Sharma	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
- Mr. Hardeep Singh Tur	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	0.03
- Mr. R. Chandrasekar	-	-	-	-	-	-	-	-	-	-	1.02	-	-	-	1.02	-
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	2.17	1.55	2.17	1.55
- Shriram Asset Management Company Limited	-	-	64.11	29.57	-	-	-	-	-	-	-	-	-	-	64.11	29.57
- Shriram Automall India Limited	-	-	-	-	-	-	89.33	77.45	-	-	-	-	-	-	89.33	77.45
- Cartradeexchange Solutions Private Limited	-	-	-	-	-	-	18.43	11.92	-	-	-	-	-	-	18.43	11.92
Non-convertible debenture (secured)																
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	-	-	-	0.13	-	-	-	0.13
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	-	0.09
- Shriram Life Insurance Company Limited	-	-	172.33	36.71	-	-	-	-	-	-	-	-	-	-	172.33	36.71
- Shriram General Insurance Company Limited	-	-	213.15	-	-	-	-	-	-	-	-	-	-	-	213.15	-
- Shriram Asset Management Company Limited	-	-	2.24	2.50	-	-	-	-	-	-	-	-	-	-	2.24	2.50
- Shriram Insight Share Brokers Limited	-	-	0.07	0.08	-	-	-	-	-	-	-	-	-	-	0.07	0.08
- Shriram Value Services Limited	-	-	53.14	-	-	-	-	-	-	-	-	-	-	-	53.14	-
- Shriram Automall India Limited	-	-	-	-	-	-	16.88	17.86	-	-	-	-	-	-	16.88	17.86
Subordinated debt																
- Shriram Life Insurance Company Limited	-	-	168.95	149.04	-	-	-	-	-	-	-	-	-	-	168.95	149.04
- Shriram General Insurance Company Limited	-	-	354.25	367.03	-	-	-	-	-	-	-	-	-	-	354.25	367.03
Inter-corporate deposit received																
- Shriram Automall India Limited	-	-	-	-	-	-	-	27.45	-	-	-	-	-	-	-	27.45

Income /expenses are presented excluding GST.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

The Company has not granted loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial year ended March 31, 2023 and March 31, 2022.

50 RELATED PARTY TRANSACTIONS (Contd.)

Disclosure pursuant to Schedule V of Clause A.2 of Regulation 34 (3) and Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Disclosures relating Loans and Advances/ Investments

(Rs. in crores)					
Sr. No.	Loans and Advances in the nature of Loans	Amount outstanding as at March 31, 2023	Maximum amount outstanding during the year March 2023	Amount outstanding as at March 31, 2022	Maximum amount outstanding during the year March 2022
A)	To Subsidiary				
	- Shriram Housing Finance Limited	-	-	-	-
B)	To Associate				
	- Shriram Automall India Limited	-	-	-	-

II. Shriram Finance Limited (SFL) holds 44.56% (March 31, 2022: 44.56%) of equity shares of Shriram Automall India Limited (Associate) and 84.82% (March 31, 2022: Nil) of Shriram Housing Finance Limited (Subsidiary). Disclosure relating to transactions with SFL is given above.

50 RELATED PARTY TRANSACTIONS (Contd.)

Disclosure on Related Party Transactions as per the RBI notification no. RBI/2022-23/26DOR.ACC.REC.No.20/21.04.018/2022-23 on Disclosure requirements under Scale Based Regulation for NBFCs dated April 19, 2022

	Parent (as per ownership or control)		Promoter		Promoter group		Subsidiary		Associates / Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Directors		Relatives of Directors		Others		(Rs. in crores)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Particulars																						
Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	614.21	-	-	-	18.11	23.53	-	-	-	-	0.14	2.98	0.10	0.21	-	-	1,021.66	640.92
Deposits	-	-	-	-	29.82	-	-	-	132.80	124.74	1.03	0.03	0.12	0.11	1.61	1.75	2.58	1.47	-	-	202.59	157.93
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	13.37	13.37	-	-	-	-	-	-	-	-	-	-	1,600.70	13.37
Balance outstanding at the year end																						
Borrowings	-	-	-	-	555.36	-	-	-	16.88	17.86	-	-	-	-	-	0.13	-	0.09	-	-	981.00	573.44
Deposits	-	-	-	-	29.57	-	-	-	107.76	116.82	1.02	0.03	0.12	0.11	0.28	1.43	2.05	1.44	-	-	175.34	149.40
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	13.37	13.37	-	-	-	-	-	-	-	-	-	-	1,587.61	13.37
Purchase of property, plant and equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.37	-
Sale of property, plant and equipments	-	-	-	-	0.00	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.00
Interest paid	-	-	-	-	60.60	-	-	-	2.44	3.52	-	-	0.01	0.00	0.04	0.83	0.07	0.09	-	-	78.37	65.95
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty paid	-	-	-	-	187.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	298.03	187.67
Equity dividend paid	-	-	-	-	0.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119.72	220.05
Received towards preferential issue	-	-	-	-	-	-	-	-	-	-	0.04	0.00	0.00	-	0.07	0.09	0.00	0.00	-	-	-	-
Received towards convertible warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

51 EMPLOYEE STOCK OPTION PLAN

The Company provides share-based payment schemes to its Employees.

Employee Stock Option Plan (2013)

51.01: About the plan

Pursuant to clause 3.35.11 of the approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"), all the employees in service of Shriram City Union Finance Limited ("Transferor Company") have become employee of the Company with effect from appointed date of the scheme i.e April 01, 2022. The Transferor Company prior to the Scheme had framed and implemented the Shriram City Union Finance Limited Employee Stock Options Scheme 2013 ("SCUF ESOS 2013") under which Employee Stock Options were granted to certain of its eligible employees. Shriram Finance Limited Employee Stock Options Scheme 2023 ("SFL ESOS 2023") has been created in lieu of the SCUF ESOS 2013 to issue stock options to the eligible employee of the Transferor Company taking into account the share exchange ratio as provided in terms of clause 3.36.1 of the Scheme. The objective of SFL ESOS 2023 plan is that the eligible employees of the Transferor Company continue to enjoy the benefit of stock options upon becoming the employees of the Company and to restore the value of options post amalgamation in the manner provided in terms of Clause 3.35.17 of the Scheme. This SFL ESOS 2023 plan has been adopted on March 15, 2023 by the Board and Nomination and Remuneration Committee of the Company.

Total no. of grant of options under SCUF ESOS 2013 plan are 2,627,000.

Details of grants made under SCUF ESOS 2013 plan are as follows:

Particulars	Grant date	No. of options granted
Grant I	August 11, 2020	300,221
Grant II	November 02, 2020	300,030
Grant III	January 29, 2021	315,396
Grant IV	July 29, 2021	302,601
Grant V	October 27, 2021	303,270
Grant VI	January 28, 2022	301,582
Grant VII	April 29, 2022	599,800
Grant VIII	July 27, 2022	28,913

Particulars	Number of options
Options Outstanding under SCUF ESOS Scheme 2013; as on April 01, 2022	1,188,819
Options granted between April 01, 2022 to March 14, 2023	628,713
Options exercised between April 01, 2022 to March 14, 2023	404,724
Options lapsed/ forfeited between April 01, 2022 to March 14, 2023	30,120
Options Outstanding under SCUF ESOS Scheme 2013; as on March 14, 2023	1,382,688
No. of options not yet granted under SCUF ESOS Scheme 2013 as on March 14, 2023	216,594
Total Options Outstanding including ungranted options under SCUF ESOP Scheme 2013; as on March 14, 2023	1,599,282
Fresh Options to be granted under SFL ESOS Scheme 2023 in lieu of SCUF ESOP Scheme 2013 Swap ratio of 1.55 shares per one share	2,478,888
Roundup adjustment for fractional options resulting on account of conversion	620
Total Fresh Options granted under SFL ESOS Scheme 2023 adopted on March 15, 2023	2,479,508
Options lapsed/ forfeited after adoption of SFL ESOS Scheme 2023	36,097
No of options not yet granted under SFL ESOS Scheme 2023 in lieu of SCUF ESOP Scheme 2013 Swap ratio of 1.55 shares per one share	335,720
Total share Options Outstanding under SFL ESOS 2023 as on March 31, 2023	2,107,691

The options shall vest in the hands of the Option holder after a minimum period of 12 months from the date of grant of option or such longer period as may be determined by the Committee subject to the condition that the Option grantee continues to be an employee of the Company and the performance or other conditions as may be determined by the Committee. The maximum period of vesting shall be 5 years from the date of grant.

51 EMPLOYEE STOCK OPTION PLAN (Contd.)

The period during which the options granted by the Transferor Company under SCUF ESOS 2013 plan were held by the eligible employee shall be adjusted against the minimum vesting period. That is, the date of vesting under the SCUF ESOS 2013 plan shall be considered as the vesting date under SFL ESOS 2023 plan.

The exercise price shall be Rs. 193.55 per Fresh Options under the SFL ESOS 2023.

The options vested shall be exercised within period of ten years from the vesting date. When exercisable, each option is convertible into one equity share. Any option granted shall be exercisable according to the terms and conditions as determined by the Scheme.

51.02: Fair value of the options granted

The Company has recorded employee stock-based compensation expense relating to the SFL ESOS 2023 options on the basis of fair value of SCUF ESOS 2013 options.

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grants under the SCUF ESOS 2013 plan is as under;

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII	Grant VIII
Grant Date	August 11, 2020	November 02, 2020	January 29, 2021	July 29, 2021	October 27, 2021	January 28, 2022	April 29, 2022	July 27, 2022
Vesting Date	August 11, 2020	November 02, 2021	January 29, 2022	July 29, 2022	October 27, 2022	January 28, 2023	April 29, 2023	July 27, 2023
Exercise Price (in Rs.)	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
Fair value of option (in Rs.)	399.20	560.18	756.39	1,539.79	1,985.23	1,517.66	1,440.68	1,686.59
Input Variables:								
Share price as on grant date (in Rs.)	661.80	822.75	1,018.70	1,814.10	2,257.45	1,787.90	1,708.60	1,949.95
Standard deviation (Volatility)	38.28%	44.52%	47.21%	27.52%	49.85%	53.76%	51.12%	49.47%
Risk-free rate	5.85%	5.88%	6.20%	4.48%	4.82%	5.03%	5.51%	6.46%
Time to maturity (in years)	2	2	2	2	2	2	2	2
Expected Dividend per annum (in Rs.)	20.00	25.00	30.00	-	-	-	-	-
Dividend yield	3.00%	3.00%	3.00%	-	-	-	-	-

Since the SFL ESOS scheme 2023 is already recorded by applying fair value method, the disclosure required under para 48 of guidance note on "Accounting for Employees Share Based Payments" issued by ICAI for reconciling the impact on net profit and earnings per share is not required.

51.03: Rationale for the variables used

The variables used for calculating the fair values and their rationale are as follows:

a. Stock Price

The latest available closing market price on the National Stock Exchange (NSE) date on which options are granted under SCUF ESOS 2023 plan has been considered for the purpose of valuation.

51 EMPLOYEE STOCK OPTION PLAN (Contd.)

b. Volatility

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility must be adequate to represent a consistent trend in the price movements. Accordingly, the annualised volatility has been computed based on the share price data of past one year, from the date of the valuation.

The fair value is very sensitive to this variable. Higher the volatility, higher is the fair value. The rationale being, the more volatile a stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, since the probability of gaining is lesser in the latter case.

c. Risk free interest rate

The risk-free interest rate being considered for the calculation is the interest rate applicable on Government securities - having 10 year maturity period.

d. Exercise price

Exercise price of the options granted is as per SCUF ESOS 2013 plan.

e. Time to maturity / Expected life of options

Time to maturity / expected life of options is the period from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

Considering the deep discount on the market price i.e. 55% to 70%, it is expected that the options will be exercised in 1 year from the vesting date. As such the average expected life of options is considered at 2 years.

51.04: Effect of the employee share-based payment plans on the Statement of profit and loss and on its financial position

The Company has recorded employee stock-based compensation cost of Rs. 164.56 crores in the Statement of profit and loss for the year ended March 31, 2023 (March 31, 2022: Rs. Nil)

The share option outstanding in the Balance Sheet as at March 31, 2023 is Rs. 194.84 crores (March 31, 2022: Rs. Nil)

52 BUSINESS COMBINATION

The Board of Directors of the Company in its meeting held on December 13, 2021 had approved a Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram Capital Limited (SCL) (after demerger of a few undertakings from the said Shriram Capital Limited) and Shriram City Union Finance Limited (SCUF) with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Reserve Bank of India vide its letter dated June 15, 2022 conveyed its No-Objection to the Scheme. As per the directions of the Hon'ble National Company Law Tribunal, Chennai Bench, ("NCLT") in the common order dated May 11, 2022, the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors was held on July 04, 2022 and the Scheme was approved by the requisite majority of the Equity shareholders, Secured Creditors and Unsecured Creditors in their respective meetings. The Company had obtained approvals/no objection to the Scheme from various statutory authorities, as applicable. The Hon'ble NCLT had sanctioned the Scheme, vide order dated November 09, 2022 to be read with Corrigendum order dated November 17, 2022 effective from appointed date of the Scheme being April 01, 2022. Pursuant to the scheme, Shrelekha Business Consultancy Private Limited ("SBCPL") was amalgamated with SCL. The undertaking carrying on the business of financial services from SCL was demerged and transferred to Shriram Investment Holdings Limited ("SIHL"). The undertakings which were carrying on the businesses of Life Insurance and General Insurance were demerged from SCL and transferred to Shriram LI Holdings Private Limited ("SLIH"), and Shriram GI Holdings Private Limited ("SGIH") respectively. The remaining undertaking of SCL and its investments in STFC and SCUF were amalgamated with STFC.

52 BUSINESS COMBINATION (Contd.)

Pursuant to the Scheme, the name of the Company is changed to Shriram Finance Limited upon receipt of necessary approval from the Registrar of Companies, Tamil Nadu, Chennai, Ministry of Corporate Affairs, with effect from November 30, 2022. Pursuant to the Scheme, new equity shares of face value of Rs. 10/- each fully paid-up have been issued and allotted to the eligible shareholders of SCL and SCUF on December 12, 2022 as per the share exchange ratio contained in the Scheme. As per Ind AS 103, the amalgamation has been accounted under "acquisition method". The difference between the purchase consideration and fair value has been accounted as goodwill/capital reserve on amalgamation, as applicable.

The Company has determined the useful life of the intangible asset in the nature of branch network acquired through the scheme of amalgamation as five years and started amortising the same over its useful life by making a suitable change in the accounting estimate. Impact for future periods will be Rs. 302.58 crores per annum over next four years. The figures for the current reporting period include the effect of merger of transferor Companies SCUF and SCL as discussed above and are therefore not comparable with figures of the respective previous year.

Summary of acquisitions done during the financial year ended March 31, 2023
(i) Shriram City Union Finance Limited ("SCUF")

The Hon'ble National Company Law Tribunal, Chennai Bench, ("NCLT") had approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram City Union Finance Limited (SCUF) with its entire undertaking with the Company, vide order dated November 09, 2022 to be read with Corrigendum order dated November 17, 2022 effective from Appointed date of the Scheme being April 01, 2022, for a share exchange ratio of 1.55:1. The percentage of voting equity interests acquired was 100%. This acquisition is highly beneficial to all the stakeholders, by bringing together the capabilities and the presence of the Company in the categories of transport finance, and retail finance, and in the process create a larger financial lending entity with both these businesses combined, and the resulting benefits of scale and synergies of operation. This acquisition further consolidates the leadership position of the Company in the Commercial Vehicle market. Following the acquisition, the amalgamated entity is able to launch retail finance products in new locations.

(a) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

(Rs. in crores)	
Particulars	Amounts
Assets	
Cash and cash equivalents	5,217.31
Bank balance other than above	1,395.47
Receivables	4.39
Loans	30,589.43
Investments	2,733.66
Other financial assets	48.00
Current tax assets (net)	26.66
Deferred tax assets (net)	151.66
Property, plant and equipment (net)	64.15
Intangible assets (net)	1.89
Right-of-use assets	162.60
Other non-financial assets	135.38
Distribution network	1,512.90
Total assets	42,043.50
Liabilities	
Payables	(40.56)
Debt securities	(6,619.08)
Borrowings (other than debt securities)	(17,333.50)
Deposits	(7,274.04)
Other financial liabilities	(333.83)
Provisions	(26.60)
Other non-financial liabilities	(62.36)
Total liabilities	(31,689.97)
Net identifiable assets acquired	10,353.53

52 BUSINESS COMBINATION (Contd.)

(b) Calculation of goodwill

The difference between the purchase consideration and amount attributable to identified intangible assets / assets and liabilities represents residual goodwill in the business. As a result of the merger, the Company receives customer information such as names, contact information, historical credit provided and repayment information, etc. of existing customers of SCUF and vice versa. This information can further be divided into different customer profiles based on demography, zones, age groups, etc., which helps businesses target products/services according to their target audience that will be used by the merged entity to gain synergies from cross selling its products. Consequently, the Goodwill in the transaction subsumes the above synergy benefit, along with assembled workforce, future potential of the new branches that are planned to open, new customers, new geographies etc.

(Rs. in crores)	
Particulars	Amounts
Purchase consideration	11,793.51
Less: Net identifiable assets acquired	(10,353.53)
Less: Deferred tax liability on net identifiable assets acquired	(33.25)
Goodwill #	1,406.73

#Goodwill is not deductible for tax purpose

(c) The revenues and profits contributed to the Company for the financial year ended March 31, 2023 are as follows:

(Rs. in crores)	
Particulars	Amounts
Revenue	7,949.32
Profit before tax	1,742.31

(d) Acquired Receivables

(Rs. in crores)	
Particulars	Amounts
Fair value of acquired trade receivables	4.39
Gross contractual amount for trade receivables	4.39
Contractual cash flows not expected to be collected	-

(e) Purchase consideration - cash outflow

(Rs. in crores)	
Particulars	Amounts
Net outflow of cash - investing activities	-

(f) Acquisition related costs:

Acquisition related costs of Rs. 26.53 crores (March 31, 2022: Rs. Nil) have been recognised under Miscellaneous expenses in the Statement of Profit and Loss.

(ii) Shriram Capital Limited ("SCL")

The Hon'ble National Company Law Tribunal, Chennai Bench, ("NCLT") had approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram Capital Limited (SCL) with its remaining undertaking with the Company, vide order dated November 09, 2022 to be read with Corrigendum order dated November 17, 2022, effective from Appointed date of the Scheme being April 01, 2022 for a share exchange ratio 1:0.97. The amalgamation will achieve the combination of the remaining line of business activities of SCL with the Company which is a listed entity engaged in the business of financial lending. This will ensure that the companies forming part of the Shriram Group, which are focused on the business of lending are concentrated in a single large entity, which has the necessary means, presence and resources to achieve still larger scales in the business of lending, while reducing the presence of multiple entities across the Group, with an interest and presence in the same line of business.

52 BUSINESS COMBINATION (Contd.)

- (a) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

(Rs. in crores)	
Particulars	Amounts
Assets	
Property, plant and equipment (net)	0.01
Bank balance	0.10
Trade receivables	12.47
Total assets	12.58
Liabilities	
Trade payables	0.02
Total liabilities	0.02
Net identifiable assets acquired	12.56

- (b) Amount recognised directly in other equity (Capital Reserve):

(Rs. in crores)	
Particulars	Amounts
Purchase consideration	-
Less: Net identifiable assets acquired	12.56
Capital reserve	12.56

- (c) The revenues and profits contributed to the Company for the financial year ended March 31, 2023 are as follows:

(Rs. in crores)	
Particulars	Amounts
Revenue	-
Profit before tax	(0.58)

- (d) Acquired Receivables

(Rs. in crores)	
Particulars	Amounts
Fair value of acquired trade receivables	12.45
Gross contractual amount for trade receivables	12.45
Contractual cash flows not expected to be collected	-

- (e) Purchase Consideration - Cash Outflow

(Rs. in crores)	
Particulars	Amounts
Net outflow of cash - investing activities	-

53 CAPITAL MANAGEMENT

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times. Refer note 85 and 95 for the Company's Capital ratios.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and

53 CAPITAL MANAGEMENT (Contd.)

the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board. The Company has complied with the notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards."

54 FAIR VALUE MEASUREMENT

54.01: Valuation principle

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, as explained in significant accounting policies of the year ended March 31, 2023.

54.02: Fair value hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2023

(Rs. in crores)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Derivative financial instruments</i>				
Forward contracts	-	(193.57)	-	(193.57)
Currency swaps	-	121.65	-	121.65
Interest rate swaps	-	35.75	-	35.75
Cross currency interest rate swaps	-	588.33	-	588.33
Interest rate caps	-	116.65	-	116.65
Total derivative financial instruments	-	668.81	-	668.81
<i>Financial assets held for trading</i>				
Mutual funds	512.31	-	-	512.31
Equity instruments	63.35	-	25.40	88.75
Venture capital fund	-	1.53	-	1.53
Total financial assets held for trading	575.66	1.53	25.40	602.59
Total assets measured at fair value on a recurring basis	575.66	670.34	25.40	1,271.40
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total assets measured at fair value	575.66	670.34	25.40	1,271.40

54 FAIR VALUE MEASUREMENT (Contd.)

(Rs. in crores)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Total financial liabilities measured at fair value on a recurring basis	-	-	-	-
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	-	-	-	-

As at March 31, 2022

(Rs. in crores)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Derivative financial instruments</i>				
Forward contracts	-	97.84	-	97.84
Currency swaps	-	(276.95)	-	(276.95)
Interest rate swaps	-	3.18	-	3.18
Cross currency interest rate swaps	-	364.13	-	364.13
Interest rate caps	-	13.20	-	13.20
Total derivative financial instruments	-	201.40	-	201.40
<i>Financial assets held for trading</i>				
Mutual funds	1,523.02	-	-	1,523.02
Equity instruments	-	-	23.89	23.89
Certificate of deposits	-	822.29	-	822.29
Venture capital fund	-	1.53	-	1.53
Total financial assets held for trading	1,523.02	823.82	23.89	2,370.73
Total assets measured at fair value on a recurring basis	1,523.02	1,025.22	23.89	2,572.13
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total assets measured at fair value	1,523.02	1,025.22	23.89	2,572.13

(Rs. in crores)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Total financial liabilities measured at fair value on a recurring basis	-	-	-	-
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	-	-	-	-

54 FAIR VALUE MEASUREMENT (Contd.)

54.03: Valuation techniques

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

Investments in Mutual funds/ Equity instruments

Investment in units of mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. Quoted equity instruments on recognised stock exchanges are valued at Level 1 hierarchy being the unadjusted quoted price as the reporting date.

Derivative Financial Instruments

Foreign exchange contracts include foreign exchange forward and swap contracts, interest rate swaps and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies derivative financial instruments as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Certificate of deposits (CDs)

Certificate of deposits are short-term financial instruments issued by Banks. Financial Benchmark India Private Limited (FBIL) has developed the FBIL-CD, a new benchmark for the money market based on traded CDs reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform of The Clearing Corporation of India Limited (CCIL). FBIL-CD is announced for seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months. For valuation, the Company uses FBIL-CD benchmark and based on that benchmark the Company interpolates and calculates CD prices corresponding to their residual maturities and such instruments are classified as Level 2.

54.04: Transfer between fair value hierarchy levels

During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

54.05: Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value.

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

Particulars	(Rs. in crores)	
	Equity instruments	
	As at March 31, 2023	As at March 31, 2022
Opening balance	23.89	6.74
On account of business combination	0.01	-
Purchase	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-

54 FAIR VALUE MEASUREMENT (Contd.)

(Rs. in crores)

Particulars	Equity instruments	
	As at March 31, 2023	As at March 31, 2022
Transfers into level 3	-	-
Transfers from level 3	-	-
Net interest income, net trading income and other income	-	-
Other comprehensive income	-	-
Unrealised gains and losses related to balances held at the end of the year	1.50	17.15
Closing balance	25.40	23.89

54.06: Impact of changes to key assumptions on fair value of level 3 financial instruments measured at fair value

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's level 3 assets and liabilities. 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.

(Rs. in crores)

Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 assets	Level 3 assets		
	As at March 31, 2023	As at March 31, 2022		
Equity instruments	25.40	23.89	Based on the discounted cashflow	Based on the discounted cashflow

54.07: Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The table below shows data in relation to level 3 inputs that are already aggregated on the underlying product levels without assuming any potential diversification effect, but including potential off-sets from economic or accounting hedge relationships in place. The Company is of the opinion that, whilst there may be some diversification benefits, incorporating these would not be significant to the analysis.

(Rs. in crores)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Favourable changes 5% increase	Unfavourable changes 5% decrease	Favourable changes 5% increase	Unfavourable changes 5% decrease
Equity instruments based on the discounted cashflow	26.67	24.13	25.03	22.64

54.08: Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

54 FAIR VALUE MEASUREMENT (Contd.)

(Rs. in crores)

As at March 31, 2023	Carrying amount	Fair value			
		Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	9,505.30	4,581.25	4,937.42	-	9,518.67
Bank balance other than cash and cash equivalents	6,312.11	8.63	6,280.10	-	6,288.73
Trade receivables	17.00	-	-	17.00	17.00
Other receivables	260.12	-	-	260.12	260.12
Loans	171,984.58	-	-	171,368.77	171,368.77
Investments at amortised cost	6,386.86	5,077.41	-	1,187.68	6,265.09
Other investments	1,575.61	-	-	1,575.61	1,575.61
Other financial assets	72.70	-	-	63.86	63.86
Total financial assets	196,114.28	9,667.29	11,217.52	174,473.04	195,357.85
Financial liabilities:					
Trade payables	293.24	-	-	293.24	293.24
Other payables	1.45	-	-	1.45	1.45
Debt securities	43,652.59	-	39,229.29	-	39,229.29
Borrowings (other than debt securities)	73,590.02	-	72,288.01	-	72,288.01
Deposits	36,139.83	-	-	35,308.09	35,308.09
Subordinated liabilities	4,523.85	-	4,542.12	-	4,542.12
Lease liabilities	563.46	-	-	563.46	563.46
Other financial liabilities	1,020.66	-	-	1,020.66	1,020.66
Total financial liabilities	159,785.10	-	116,059.42	37,186.90	153,246.32
Off-balance sheet items					
Other commitments	283.98	-	-	283.98	283.98
Total off-balance sheet items	283.98	-	-	283.98	283.98

(Rs. in crores)

As at March 31, 2022	Carrying amount	Fair value			
		Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	10,662.44	5,953.99	4,701.32	-	10,655.31
Bank balance other than cash and cash equivalents	5,692.72	9.72	5,126.81	-	5,136.53
Trade receivables	5.35	-	-	5.35	5.35
Other receivables	190.49	-	-	190.49	190.49
Loans	116,665.15	-	-	115,370.83	115,370.83
Investments at amortised cost	4,425.06	3,155.70	-	1,082.12	4,237.82
Other investments	13.37	-	-	13.37	13.37
Other financial assets	51.45	-	-	42.70	42.70
Total financial assets	137,706.03	9,119.41	9,828.13	116,704.86	135,652.40
Financial liabilities:					
Trade payables	166.03	-	-	166.03	166.03
Other payables	2.67	-	-	2.67	2.67
Debt securities	41,256.55	-	40,467.60	-	40,467.60
Borrowings (other than debt securities)	46,676.93	-	47,147.82	-	47,147.82
Deposits	21,948.98	-	-	23,963.34	23,963.34
Subordinated liabilities	4,614.25	-	4,962.46	-	4,962.46
Lease liabilities	349.43	-	-	349.43	349.43
Other financial liabilities	859.64	-	-	859.64	859.64
Total financial liabilities	115,874.48	-	92,577.88	25,341.11	117,918.99
Off-balance sheet items					
Other commitments	92.43	-	-	92.43	92.43
Total off-balance sheet items	92.43	-	-	92.43	92.43

54 FAIR VALUE MEASUREMENT (Contd.)

Note:

The management assessed that cash and cash equivalents, trade receivables, trade payables, other receivables, other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

54.09: 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.

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, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: trade receivables, other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual yields.

Pass through certificates

These instruments include asset backed securities. The market for these securities is not active. Therefore, the Company uses a variety of valuation techniques to measure their fair values. 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 such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Instruments with no comparable instruments or valuation inputs are classified as Level 3.

Investment in associate at cost

Investment in associate: As per Ind AS 28 Interest in associate are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

Investment in subsidiary

The Company has accounted for its investment in subsidiary at fair value at the time of acquisition due to business combination. The investment is subsequently measured at cost.

Investment in government securities at amortised cost

The fair values financial assets held-to-maturity investments 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.

Issued debt and borrowings

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate from market-observable data such as secondary prices for its traded debt.

Deposits

The fair value of public deposits and deposit from corporates is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for deposits of similar tenure and scheme (cumulative/non-cumulative). Inter-corporate deposits are estimated at their carrying amounts due to the short-term maturities of these deposits.

Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on the carrying amounts due to the short-term maturities of these positions.

54 FAIR VALUE MEASUREMENT (Contd.)

The carrying value of financial instruments by categories is as follows:

(Rs. in crores)

As at March 31, 2023	Amortised cost	Derivative instruments in hedging relationship	At Fair value Through OCI	At Fair value Through profit or loss	Others (at cost)	Total
Financial assets:						
Cash and cash equivalents	9,505.30	-	-	-	-	9,505.30
Bank balance other than cash and cash equivalents	6,312.11	-	-	-	-	6,312.11
Derivative financial instruments	-	668.81	-	-	-	668.81
Receivables						
(I) Trade receivables	17.00	-	-	-	-	17.00
(II) Other receivables	260.12	-	-	-	-	260.12
Loans	171,984.58	-	-	-	-	171,984.58
Investments	6,386.86	-	63.35	539.24	1,575.61	8,565.06
Other financial assets	72.70	-	-	-	-	72.70
Total financial assets	194,538.67	668.81	63.35	539.24	1,575.61	197,385.68
Financial liabilities:						
Payables						
(I) Trade Payables	293.24	-	-	-	-	293.24
(II) Other Payables	1.45	-	-	-	-	1.45
Debt securities	43,652.59	-	-	-	-	43,652.59
Borrowings (other than debt securities)	73,590.02	-	-	-	-	73,590.02
Deposits	36,139.83	-	-	-	-	36,139.83
Subordinated liabilities	4,523.85	-	-	-	-	4,523.85
Lease liabilities	563.46	-	-	-	-	563.46
Other financial liabilities	1,020.66	-	-	-	-	1,020.66
Total financial liabilities	159,785.10	-	-	-	-	159,785.10

(Rs. in crores)

As at March 31, 2022	Amortised cost	Derivative instruments in hedging relationship	At Fair value Through OCI	At Fair value Through profit or loss	Others (at cost)	Total
Financial assets:						
Cash and cash equivalents	10,662.44	-	-	-	-	10,662.44
Bank balance other than cash and cash equivalents	5,692.72	-	-	-	-	5,692.72
Derivative financial instruments	-	201.40	-	-	-	201.40
Receivables						
(I) Trade receivables	5.35	-	-	-	-	5.35
(II) Other receivables	190.49	-	-	-	-	190.49
Loans	116,665.15	-	-	-	-	116,665.15
Investments	4,425.06	-	-	2,370.73	13.37	6,809.16
Other financial assets	51.45	-	-	-	-	51.45
Total financial assets	137,692.66	201.40	-	2,370.73	13.37	140,278.16
Financial liabilities:						
Payables						
(I) Trade Payables	166.03	-	-	-	-	166.03
(II) Other Payables	2.67	-	-	-	-	2.67
Debt securities	41,256.55	-	-	-	-	41,256.55
Borrowings (other than debt securities)	46,676.93	-	-	-	-	46,676.93
Deposits	21,948.98	-	-	-	-	21,948.98
Subordinated liabilities	4,614.25	-	-	-	-	4,614.25
Lease liabilities	349.43	-	-	-	-	349.43
Other financial liabilities	859.64	-	-	-	-	859.64
Total financial liabilities	115,874.48	-	-	-	-	115,874.48

55 RISK MANAGEMENT

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

55.01: Introduction and risk profile

55.01.01: Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Chief Risk officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk owners within each department will report to the Risk Committee.

The Risk owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's policy is that risk management processes throughout the Company are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

55.01.02: Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies associated with foreign currency transactions.

55.01.03: Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee and the head of each department.

The Risk Management Committee receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

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 the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees annual ratings and remuneration reviews.

55.01.04: Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across all the states with a cap on maximum limit of exposure for a state and also for an individual/ group.

55 RISK MANAGEMENT (Contd.)

55.02: Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

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.

The Company's internal credit rating grades on days past due(dpd) basis:

Internal rating grade	Internal rating description
Performing	
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 90 dpd
Non-performing	90+ dpd

55.02.01: Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

55.02.02: Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company's definition and assessment of default (Note 55.02.02.01).

- How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default (Notes 55.02.02.02 to 55.02.02.04)
- When the Company considers there has been a significant increase in credit risk of an exposure (Note 55.02.02.05).
- The Company's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 55.02.02.07).
- The details of the ECL calculations and categorisation of loans for stage 1, stage 2 and stage 3 assets (Note 6.1.(xi)).

55.02.02.01: Definition of default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. 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. Such events include:

- The borrower requesting emergency funding from the Company.
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
- A covenant breach not waived by the Company.
- The debtor (or any legal entity within the debtor's Company) filing for bankruptcy application/protection.

55 RISK MANAGEMENT (Contd.)

- All the facilities of a borrower are treated as stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.

55.02.02.02: PD estimation process

It 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 portfolio and its credit performance. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

55.02.02.03: Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For stage 2 and stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

In case of undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown.

55.02.02.04: Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

55.02.02.05: Significant increase in credit risk (SICR)

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Company may also consider that events explained in Note 55.02.02.01 are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Company of similar assets (as set out in Note 55.02.02.07), the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

55.02.02.06: Forward looking information

As explained in Note 6.1.(xi), the Company has incorporated forward looking information and macro-economic factors while calculating PD and LGD rate.

55 RISK MANAGEMENT (Contd.)

55.02.02.07: Grouping financial assets measured on a collective basis

As explained in Note 6.1.(xi) dependent on the factors below, the Company calculates ECLs only on a collective basis.

The Company segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. Secured Loans for New Vehicles
2. Secured Loans for Used Vehicles
3. Gold Loans
4. MSME Loans
5. Two-Wheeler Loans
6. Personal Loans

55.02.03: Analysis of risk concentration

The maximum credit exposure to any individual client or counterparty as of March 31, 2023 was Rs. 61.78 crores (March 31, 2022: Rs. 61.13 crores).

Credit risk exposure analysis

(Rs. in crores)

Particulars	As at March 31, 2023			
	Stage 1 collective	Stage 2 collective	Stage 3 collective	Total
Credit risk exposure	155,619.94	16,336.30	11,382.18	183,338.42

55.03: Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short-term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

The Board of Directors also approves constitution of Asset Liability Committee (ALCO), Asset Liability Management Committee (ALCO) reviews or monitors Asset Liability Management (ALM) mismatch. ALCO conducts periodic reviews relating to the liquidity position and stress test assuming various what if scenarios. The ALCO is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company in line with the Company's budget and decided risk management objectives. The ALCO is a decision-making unit responsible for balance sheet planning from risk-return perspective including strategic management of interest rate and liquidity risks. The ALCO also evaluates the Borrowing Plan of subsequent quarters on the basis of previous borrowings of the Company. The ALCO will be responsible for ensuring the adherence to the target set by the Board of Directors. The meetings of ALCO are held at quarterly intervals. The ALM Support Groups consisting of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the ALCO. ALCO support group meets every fortnight. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its ratification.

55 RISK MANAGEMENT (Contd.)

55.03.01: Analysis of financial assets and liabilities by remaining maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

Maturity pattern of assets and liabilities as on March 31, 2023:

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets							
Cash and cash equivalents	9,505.30	-	-	-	-	-	9,505.30
Bank balance other than above	3,374.44	841.04	1,902.06	98.97	95.60	-	6,312.11
Derivative assets	-	490.73	7.91	104.49	65.68	-	668.81
Financial assets at fair value through profit and loss	512.31	-	-	-	-	26.93	539.24
Loans*	27,354.74	24,818.70	44,017.92	95,297.78	21,672.32	4,008.95	217,170.41
Financial investments at FVOCI	-	-	-	-	-	63.35	63.35
Financial investments at amortised cost	377.20	109.90	421.19	1,244.58	992.72	3,282.04	6,427.63
Trade receivables	17.00	-	-	-	-	-	17.00
Other receivables	49.42	37.83	61.74	102.07	9.01	0.05	260.12
Other financial assets	-	-	-	-	-	72.70	72.70
Total undiscounted financial assets	41,190.41	26,298.20	46,410.82	96,847.89	22,835.33	7,454.02	241,036.67
Financial liabilities							
Deposits*	2,252.10	2,671.47	5,513.94	21,117.21	9,750.56	-	41,305.28
Debt securities*	5,601.98	4,383.60	10,724.47	13,961.69	4,843.48	14,955.67	54,470.89
Borrowings (other than debt securities)*	11,578.09	10,926.52	13,937.53	36,903.84	8,715.73	1,311.05	83,372.76
Subordinated liabilities*	274.50	172.00	305.00	2,859.20	1,828.00	320.00	5,758.70
Trade payables	293.24	-	-	-	-	-	293.24
Other payables	1.45	-	-	-	-	-	1.45
Lease liabilities	44.81	43.30	82.38	244.67	109.05	179.07	703.28
Other financial liabilities	778.81	69.35	96.82	64.12	11.56	-	1,020.66
Total undiscounted financial liabilities	20,824.98	18,266.24	30,660.14	75,150.73	25,258.38	16,765.79	1,86,926.26
Net undiscounted financial assets/ (liabilities)	20,365.43	8,031.96	15,750.68	21,697.16	(2,423.05)	(9,311.77)	54,110.41
Cumulative net undiscounted financial assets/ (liabilities)	20,365.43	28,397.38	44,148.06	65,845.23	63,422.18	54,110.41	

* includes future interest

55 RISK MANAGEMENT (Contd.)

Maturity pattern of assets and liabilities as on March 31, 2022:

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(Rs. in crores)							
Financial assets							
Cash and cash equivalents	10,662.44	-	-	-	-	-	10,662.44
Bank balance other than above	2,784.30	1,031.15	1,317.79	559.48	-	-	5,692.72
Derivative assets	-	-	-	63.56	137.84	-	201.40
Financial assets at fair value through profit and loss	2,345.31	-	-	-	-	25.42	2,370.73
Loans*	15,723.90	14,546.00	26,984.78	71,816.77	17,558.94	1,792.34	148,422.73
Financial investments at FVOCI	-	-	-	-	-	-	-
Financial investments at amortised cost	326.03	113.89	158.46	641.28	565.38	2,656.02	4,461.06
Trade receivables	5.35	-	-	-	-	-	5.35
Other receivables	26.85	27.62	46.59	81.92	7.51	-	190.49
Other financial assets	-	-	-	-	-	51.45	51.45
Total undiscounted financial assets	31,874.18	15,718.66	28,507.62	73,163.01	18,269.67	4,525.23	172,058.37
Financial liabilities							
Deposits*	1,940.42	2,127.66	3,645.55	12,642.21	5,526.91	-	25,882.75
Debt securities*	2,556.00	808.00	10,135.48	21,192.82	5,692.14	8,960.67	49,345.11
Borrowings (other than debt securities)*	8,178.50	4,948.26	9,511.65	24,057.35	5,307.19	50.61	52,053.56
Subordinated liabilities*	137.00	152.00	466.40	3,323.50	521.20	1,606.00	6,206.10
Trade payables	165.70	-	-	0.31	-	-	166.01
Other payables	2.67	-	-	-	-	-	2.67
Lease liabilities	26.48	25.72	48.42	155.57	89.58	99.69	445.46
Other financial liabilities	643.75	53.30	58.01	99.19	5.39	-	859.64
Total undiscounted financial liabilities	13,650.52	8,114.94	23,865.51	61,470.95	17,142.41	10,716.97	134,961.30
Net undiscounted financial assets/ (liabilities)	18,223.66	7,603.72	4,642.11	11,692.06	1,127.26	(6,191.74)	37,097.07
Cumulative net undiscounted financial assets/ (liabilities)	18,223.66	25,827.38	30,469.49	42,161.55	43,288.81	37,097.07	

* includes future interest

55 RISK MANAGEMENT (Contd.)

The table below shows the expiry by maturity of the Company's contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

(Rs. in crores)							
Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
As at March 31, 2023							
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	55.87	55.87
VAT demand where the Company has filed appeal before various appellates	-	-	-	-	-	4.92	4.92
Service tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	2,056.61	2,056.61
Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	-	-	-	-	-	5.00	5.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	101.36	-	-	-	-	-	101.36
Commitments related to loans sanctioned but undrawn	283.98	-	-	-	-	-	283.98
Total commitments	385.34	-	-	-	-	2,122.40	2,507.74
As at March 31, 2022							
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	175.17	175.17
VAT demand where the Company has filed appeal before various appellates	-	-	-	-	-	117.21	117.21
Service tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	1,976.41	1,976.41
Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	-	-	-	-	-	5.00	5.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	11.45	-	-	-	-	-	11.45
Commitments related to loans sanctioned but undrawn	92.43	-	-	-	-	-	92.43
Total commitments	103.88	-	-	-	-	2,273.79	2,377.67

55 RISK MANAGEMENT (Contd.)

55.04: Market risk

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

Interest rate risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability is on fixed rate basis and hence not subject to interest rate risk. Some of the borrowings of the Company are linked to rate benchmarks such as Bank Marginal Cost of Funds based Lending Rate (MCLR) or London Inter-bank Offered Rate (LIBOR), Euro Interbank Offered Rate (EURIBOR), Secured Overnight Financing Rate (SOFR) and Mumbai Inter-Bank Offer Rate (MIBOR) and hence subject to interest rate risk. The Company hedges interest rate risks of foreign currency borrowings through derivative transactions. The sensitivity of the Company's floating rate borrowings to change in interest rate (assuming all other variables constant) is given below:

As at March 31, 2023

(Rs. in crores)

Particulars	Carrying amount	Favourable change 1% increase	Unfavourable change 1% decrease
Debt instrument	7,082.15	978.66	(440.23)
Term loans	32,966.72	3,080.87	(4,344.31)
Total floating rate borrowings	40,048.87	4,059.53	(4,784.54)

As at March 31, 2022

(Rs. in crores)

Particulars	Carrying amount	Favourable change 1% increase	Unfavourable change 1% decrease
Debt instrument	2,446.80	237.64	(294.97)
Term loans	11,198.93	1,356.11	(1,801.15)
Total floating rate borrowings	13,645.73	1,593.75	(2,096.12)

Fair value sensitivity analysis for fixed rate instruments

The Company's fixed rate instruments are carried at amortised cost and are not measured for interest rate risk, as neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

Inter-bank Offered Rate (IBOR) reform

The table below shows the Company's exposure at the year end to significant IBORs subject to reform that have yet to transition to alternative Risk Free Rates (RFRs). These exposures will remain outstanding until the IBOR ceases and will therefore transition in future and the table excludes exposures to IBOR that will expire before transition is required. The derivative hedging instruments provide a close approximation to the extent of the risk exposure the Company manages through hedging relationships.

(Rs. in crores)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Rate of interest	Notional amounts	Maturity date	Rate of interest	Notional amounts	Maturity date
Currency derivatives:						
- Spots and forwards	3 months LIBOR + 1.95%	6.71	June 10, 2022 to August 10, 2023	3 months LIBOR + 1.95%	22.19	June 10, 2022 to August 10, 2023
- Cross currency interest rate swaps	3 months LIBOR + 1.95%	2,402.33	August 10, 2023	3 months LIBOR + 1.95%	2,402.33	August 10, 2023
- Cross currency interest rate swaps	6 months LIBOR + 2.50%	106.91	December 11, 2029	6 months LIBOR + 2.50%	133.64	June 13, 2022 to December 11, 2026
Total		2,515.95			2,558.16	

55 RISK MANAGEMENT (Contd.)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency fluctuation risk for its foreign currency borrowing. The Company's borrowings in foreign currency are governed by RBI Master Direction External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 (as and when updated) which requires entities raising External Commercial Borrowings (ECB) for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure. The Company hedges its entire ECB and external commercial bond exposure as per Board approved hedging policy and resource mobilisation policy. The Company manages foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place. Refer note 22B - External commercial bond (ED) Secured and note 23C - External commercial borrowing, respectively for terms and conditions of external commercial bonds and external commercial borrowings.

Exposure to currency risk

The summary quantitative data about exposure to Currency risk (based on notional amounts) as reported:

Particulars	As at March 31, 2023				As at March 31, 2022			
	Contracts in EURO		Contracts in USD		Contracts in EURO		Contracts in USD	
	EURO	INR	USD	INR	EURO	INR	USD	INR
Total foreign currency exposure in respect of recognised assets and liabilities	0.67	533.08	49.14	39,507.18	0.87	685.39	53.66	36,134.01
Cross currency Interest rate swap / Forward exchange contracts	0.67	533.08	49.14	39,507.18	0.87	685.39	53.66	36,134.01
Net Exposure	-	-	-	-	-	-	-	-

Movement in Cash flow hedge reserve

Cash flow hedge reserve	As at March 31, 2023			As at March 31, 2022		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Balance at the beginning of the year	-	(213.40)	(213.40)	-	(93.02)	(93.02)
Add: Changes in the fair value during the year	-	(14.68)	(14.68)	-	(160.87)	(160.87)
Less: Income tax relating to items that will be reclassified to profit or loss	-	3.69	3.69	-	40.49	40.49
Less: Amounts reclassified to Statement of profit and loss	-	-	-	-	-	-
Balance at the end of the year	-	(224.39)	(224.39)	-	(213.40)	(213.40)

Nature and terms and conditions of outstanding derivative contracts

Particulars	As at March 31, 2023				As at March 31, 2022			
	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets
(i) Currency derivatives:								
- Spots and forwards	3 months LIBOR + 1.95%	June 10, 2022 to August 10, 2023	6.71	0.05	3 months LIBOR + 1.95%	June 10, 2022 to August 10, 2023	22.19	(0.56)
- Spots and forwards	SOFR + 2.00%	December 27, 2023 to December 27, 2027	3,141.79	(11.58)	-	-	-	-
- Spots and forwards	4.08% to 6.91%	June 15, 2023 to December 15, 2031	13,715.75	(182.04)	4.15% to 5.95%	June 15, 2022 to June 15, 2027	17,018.41	98.39

55 RISK MANAGEMENT (Contd.)

Particulars	(Rs. in crores)							
	As at March 31, 2023				As at March 31, 2022			
	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets	Rate of interest	Maturity date	Notional amounts	Fair Value - Assets
- Currency swaps	SOFR + 2.00%	January 20, 2026	1,425.88	14.24	-	-	-	-
- Currency swaps	4.78% to 5.25%	March 13, 2024 to July 18, 2025	1,290.05	107.41	4.15% to 5.10%	July 14, 2023 to July 18, 2025	2,320.47	(276.95)
- Cross currency interest rate swaps	3 months LIBOR + 1.95%	August 10, 2023	2,402.33	474.96	3 months LIBOR + 1.95%	August 10, 2023	2,402.33	197.16
- Cross currency interest rate swaps	6 months EURIBOR + 1.15%	April 26, 2022 to April 25, 2026	533.08	74.01	6 months EURIBOR + 1.15%	April 26, 2022 to April 25, 2026	685.38	155.82
- Cross currency interest rate swaps	6 months LIBOR + 2.50%	June 13, 2022 to December 11, 2026	106.91	15.87	6 months LIBOR + 2.50%	June 13, 2022 to December 11, 2026	133.64	5.50
- Cross currency interest rate swaps	SOFR + 2.10%	December 03, 2024	187.35	23.49	SOFR + 2.10%	December 03, 2024	187.35	5.66
(ii) Interest rate derivatives:								
- Interest rate swaps	4.08% to 5.10%	July 17, 2023 to December 15, 2031	12,927.24	103.18	4.15% to 5.95%	October 24, 2022 to July 18, 2025	14,049.63	3.18
- Interest rate swaps	SOFR + 2.00%	January 20, 2026 to December 27, 2027	4,303.18	13.47	-	-	-	-
- Interest rate caps	6 months EURIBOR + 1.15%	April 26, 2022 to April 25, 2026	-	35.75	6 months EURIBOR + 1.15%	April 26, 2022 to April 25, 2026	-	13.20
Total			40,040.27	668.81			36,819.40	201.40

Price risk

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In such cases, ineffectiveness may arise if:

- The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

There were no ineffectiveness recognised in the statement of profit and loss.

There were no other sources of ineffectiveness in these hedge relationships.

56 DISCLOSURE UNDER THE MSME ACT 2006, (AS PER THE INTIMATION RECEIVED FROM THE VENDOR)

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
The principal amount remaining unpaid to supplier as at the end of the year	0.36	1.48
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

57 DISCLOSURE REGARDING AUDITORS REMUNERATION DISCLOSED UNDER LEGAL AND PROFESSIONAL FEES

In addition to the auditors remuneration shown in note 42 Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with issue of senior secured notes of Rs. 0.60 crores (March 31, 2022: Rs. 0.54 crores) shown under Legal and professional fees in note 42 Other expenses.

58 DISCLOSURE REGARDING AUDITORS REMUNERATION DISCLOSED UNDER SHARE ISSUE EXPENSES

In addition to the auditors remuneration shown in note 42 Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with issue of Qualified institutional placement and preferential issue of equity shares of Rs. Nil (March 31, 2022: Rs. 0.33 crores) netted off against Securities premium in note 31 Other equity.

59 DISCLOSURE ON LOAN AGAINST GOLD VIDE RBI NOTIFICATION DNBS.CC.PD.NO.265/03.10.01 /2011-12 DATED MARCH 21, 2012

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Total Asset under Management (on books)	183,338.42	125,699.03
Total Loan against Gold	4,478.39	-
Percentage of Gold Loan on Total Assets (on book)	2.44%	-

60 SEGMENT REPORTING

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Operating segments.

61 TRANSFER OF FINANCIAL ASSETS

Note 61.01: Transferred financial assets that are not derecognised in their entirety

The following table provides 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.

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Securitisation		
Carrying amount of transferred assets measured at amortised cost (held as collateral)	22,226.46	21,120.76
Carrying amount of associated liabilities [Borrowings (other than debt securities)-measured at amortised cost]	22,106.09	19,538.08
Fair value of assets	22,089.53	21,105.47
Fair value of associated liabilities	21,891.26	19,765.43
Net position at fair value	198.27	1,340.04

Note 61.02: Transferred financial assets that are derecognised in their entirety

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's balance sheet. The table below summarises the carrying amount of the derecognised financial assets :

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Direct assignment		
Carrying amount of transferred assets measured at amortised cost	2,665.25	1,599.67
Carrying amount of exposures retained by the Company at amortised cost	266.53	159.97

Note 61.03: Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

62 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
Professional charges-resource mobilisation	106.28	36.63
Professional charges on securitisation	2.93	-
Total	109.21	36.63

63 DETAILS OF CSR EXPENSES

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
a) Gross amount required to be spent by the Company during the year	93.66	69.12
b) Amount spent during the year		
- On purposes other than construction/acquisition of any asset		
Paid in cash	93.74	69.72
Yet to be paid in cash	-	-
Total	93.74	69.72

63 DETAILS OF CSR EXPENSES (Contd.)

There is no shortfall in the CSR amount required to be spent by the Company as per section 135(5) of the Act for the financial years ended March 31, 2023 and March 31, 2022.

CSR activities include Education, Preservation of Arts, Culture and Heritage, Preventive Healthcare, Scholarship Scheme, Training and Skill Development, Road Safety Awareness Program, Contribution towards - Primary, Secondary and Higher Education, Mathematical and Scientific Research, School Repairs and renovation and other activities which are specified under Schedule VII of Companies Act, 2013.

The Company has neither made any CSR contributions towards its related parties nor recorded any provision for CSR expenditure during the financial years ended March 31, 2023 and March 31, 2022.

64 NOTE ON COVID

The Company holds management overlay of Rs. 1,107.49 crores as at March 31, 2023 and Rs. 2,052.58 crores as at March 31, 2022.

65 MOVEMENT IN PROVISIONS

(Rs. in crores)

Provision for taxes - contested	Opening Balance	Additional provision	Utilisation/reversal during the year	Closing Balance
As at March 31, 2023	90.93	7.66	-	98.59
As at March 31, 2022	92.75	-	1.82	90.93

The above provisions relate to disputed tax demands in relation to VAT and Service tax. Due to the very nature of such provisions and the litigations involved, it is not possible to estimate the timing/ uncertainties relating to their outflows.

66 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date.

67 FLOATING CHARGE ON INVESTMENT IN GOVERNMENT SECURITIES

In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities (face value) to the extent of Rs. 5,346.44 crores (March 31, 2022: Rs. 3,354.44 crores) in favour of trustees representing the public deposit holders of the Company.

68 The Company invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 06, 2020 and May 05, 2021. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board approved policy in this regard.

Disclosure on Resolution Framework 2.0 implemented in terms of RBI notification no. RBI/2020-21/16 DOR.NO. BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021

(Rs. in crores)

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal loans #	765.81	41.53	2.70	168.06	553.52
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	765.81	41.53	2.70	168.06	553.52

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

pertains to automobile loans

69 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

70 Refer note 6.2.i. Revenue from operations for the circumstances in which revenue recognition has been postponed pending uncertainty of realisation.

71 The Company's policy for sales out of amortised cost business model portfolios is given at note 6.1.x. of significant accounting policies.

72 REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES (ROC)

All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2023 and March 31, 2022. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

73 COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2023 and March 31, 2022.

74 COMPLIANCE WITH APPROVED SCHEME(S) OF ARRANGEMENTS

The Board of Directors of the Company in its meeting held on December 13, 2021 had approved a Composite Scheme of Arrangement and Amalgamation ("Scheme"), inter alia, involving amalgamation of Shriram Capital Limited (after de-merger of few undertakings from the said Shriram Capital Limited) and Shriram City Union Finance Limited with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT") has approved the Composite Scheme of Arrangement and Amalgamation ("Scheme"). The effect of such Scheme of Arrangements has been accounted for in the books of account of the Company in accordance with the Scheme and in accordance with accounting standards.

75 UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

The Company, as part of its normal business, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

76 UNDISCLOSED INCOME

There are no transactions not recorded in the books of accounts for the financial years ended March 31, 2023 and March 31, 2022.

77 ITEMS OF INCOME AND EXPENDITURE OF EXCEPTIONAL NATURE

There are no items of income and expenditure of exceptional nature for the financial years ended March 31, 2023 and March 31, 2022.

78 DISCLOSURE ON MODIFIED OPINION, IF ANY, EXPRESSED BY AUDITORS, ITS IMPACT ON VARIOUS FINANCIAL ITEMS AND VIEWS OF MANAGEMENT ON AUDIT QUALIFICATIONS.

The auditors have expressed an unmodified opinion on the standalone financial statements of the Company for the financial years ended March 31, 2023 and March 31, 2022.

79 CORPORATE GOVERNANCE REPORT CONTAINING COMPOSITION AND CATEGORY OF DIRECTORS, SHAREHOLDING OF NON-EXECUTIVE DIRECTORS, ETC.

The corporate governance report containing composition and category of directors, shareholding of non-executive directors is part of the annual report for the financial year ended March 31, 2023.

80 AUCTION DETAILS

The Company auctioned 3,718 loan accounts (March 31, 2022: Nil) during the financial year and the outstanding dues on these loan accounts were Rs. 15.01 crores (March 31, 2022: Rs. Nil) till the respective dates of auction. The Company realised Rs. 14.57 crores (March 31, 2022: Rs. Nil) on auctioning of gold jewellery taken as security on these loans. The Company confirms that none of its sister concerns participated in the above auctions.

81A CHANGE IN POLICY FOR IMPAIRMENT OF FINANCIAL INSTRUMENTS

The Company had been fully providing for the underlying loans net of its estimated realisable value in respect of which collaterals had been repossessed and not sold for more than 12 months till June 30, 2021. During the quarter ended September 30, 2021, the Company had revised its policy to fully provide for the underlying loans net of its estimated realisable value in respect of which collaterals had been repossessed and not sold for more than 6 months. Had it continued to follow the earlier policy, impairment of financial instruments for the year ended March 31, 2022 would have been lower by Rs. 30.49 crores and profit before tax for the same period would have been higher by Rs. 30.49 crores.

81B CHANGE IN THE PROCESS OF NPA CLASSIFICATION

Pursuant to RBI circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications, the Company had revised its process of NPA classification to flagging of the borrower accounts as overdue as part of the day-end processes for the due date. Had the Company followed the earlier method, the profit before tax for the year ended on March 31, 2022 would have been higher by Rs. 407.65 crores.

82 LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

Disclosure pursuant to RBI notification RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 dated April 19, 2022.

Particulars	(Rs. in crores)	
	Aggregate amount of such sanctioned loans and advances	
	Year ended March 31, 2023	Year ended March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	-	-

83 PREVIOUS YEAR COMPARATIVES

The figures for the previous year have been regrouped/ rearranged wherever necessary to conform to the current year presentation. There are no significant regroupings/ reclassification for the year under report.

84 TITLE DEEDS OF IMMOVABLE PROPERTIES NOT HELD IN NAME OF THE COMPANY

Consequent to effect of scheme of amalgamation of SCUF with STFC and change in the name of the company from STFC to SFL, the Company is in process of applying for the name change in respect of its immovable properties.

85 ANALYTICAL RATIOS

Particulars	As at March 31, 2023			As at March 31, 2022	% Variance	Reasons for variance (if above 25%)
	Numerator (Rs. in crores)	Denominator (Rs. in crores)	Ratio	Ratio		
Capital to risk-weighted assets ratio (CRAR)	37,895.56	167,582.05	22.61%	22.97%	(1.55%)	NA
Tier I CRAR	35,526.68	167,582.05	21.20%	20.70%	2.44%	NA
Tier II CRAR	2,368.88	167,582.05	1.41%	2.27%	(37.81%)	Reduction in discounted value of Subordinated debts.
Liquidity Coverage Ratio	4,308.76	2,053.15	209.86%	148.70%	41.13%	Increase in LCR % is due to increase in value of HQLA.

86 DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31, 2023 and March 31, 2022.

87 DETAILS OF BENAMI PROPERTY HELD

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2023 and March 31, 2022.

88 WILFUL DEFAULTER

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2023 and March 31, 2022.

89 RELATIONSHIP WITH STRUCK OFF COMPANIES

Transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial years ended March 31, 2023 and March 31, 2022 are given below:

Name of the struck off company	Relationship with the Struck off company	(Rs. in crores)		Nature of transaction
		Balance outstanding as at March 31, 2023 *	March 31, 2022 *	
Receivables (Loans outstanding)				
ARRR Constructions Chennai Private Limited	No	-	0.02	Borrower
Skilltech Services Private Limited	No	-	0.02	Borrower
Swift Equipments Private Limited	No	0.89	0.95	Borrower
Benze Vaccations Club Public Limited	No	0.01	-	Borrower
Gocha Infrastructure Private Limited	No	0.01	-	Borrower
Karainthi Private Limited	No	0.47	-	Borrower
Saanwi Housing Private Limited	No	0.06	-	Borrower
Seven Stones TM Private Limited	No	0.08	-	Borrower
Vekkaiamman Telecom Serv	No	0.06	-	Borrower
Janasaathi Media And Technologies Private Limited	No	0.01	-	Borrower
MCDN Management Services Private Limited	No	0.01	-	Borrower
Maltiton Equipments Private Limited	No	0.01	-	Borrower
Steigen Crop Tech Private Limited	No	0.44	-	Borrower

89 RELATIONSHIP WITH STRUCK OFF COMPANIES (Contd.)

Name of the struck off company	Relationship with the Struck off company	(Rs. in crores)		Nature of transaction
		Balance outstanding as at March 31, 2023 *	March 31, 2022 *	
S.A. Industries Private Limited	No	0.23	-	Borrower
Three G Online Services Private Limited	No	0.03	-	Borrower
Shares held by struck off company**				
Nasik Capital and Financial Services Private Limited	No	0.00	0.00	Equity shareholder
Rasi Leasing Company Private Limited	No	0.00	0.00	Equity shareholder
Unickon Fincap Private Limited	No	0.00	-	Equity shareholder
Arunoday Holdings Private Limited	No	0.00	-	Equity shareholder
Tangmarg Investment and Trading Private Limited	No	0.00	-	Equity shareholder

*0.00 denotes amounts less than Rs. 1.00 lac

**In the financial years ended March 31, 2023 and March 31, 2022, the Company did not have any transaction with above equity shareholders, being the companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956. Our Company has not allotted any Equity share to the said companies. The shareholding data is as per the record of beneficiary position downloaded by the Registrar and Transfer Agent of the Company from the database maintained by the depositories and reported to us for the purpose of this disclosure.

90 LIQUIDITY COVERAGE RATIO

Disclosure as per the circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 issued by Reserve Bank of India on "Liquidity Coverage Ratio (LCR)"

Particulars	As at March 31, 2023			As at December 31, 2022			As at September 30, 2022			As at June 30, 2022			As at March 31, 2022		
	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#	Total	Unweighted value (average)*	Weighted value (average)#
	(Rs. in crores)														
High Quality Liquid Assets															
1 Total High Quality Liquid Assets (HQLA) @	5,264.80		4,308.76	5,629.30		4,703.68	5,522.73		4,632.05	5,742.70		4,895.41	3,155.38		2,577.66
Cash Outflows															
2 Deposits (for deposit taking companies)	878.83		1,010.66	757.80		871.47	879.86		1,011.85	896.12		1,030.53	715.45		822.77
3 Unsecured wholesale funding	82.00		94.30	49.55		56.98	36.53		42.01	206.48		237.45	52.65		60.55
4 Secured wholesale funding	5,168.63		5,943.93	4,889.34		5,622.74	4,819.87		5,542.86	4,159.37		4,783.29	4,659.14		5,358.01
5 Additional requirements, of which															
(i) Outflows related to derivative exposures and other collateral requirements	-		-	-		-	-		-	-		-	-		-
(ii) Outflows related to loss of funding on debt products	-		-	-		-	-		-	-		-	-		-
(iii) Credit and liquidity facilities	-		-	-		-	-		-	-		-	-		-
6 Other contractual funding obligations	799.59		919.53	752.82		865.74	797.99		917.69	872.08		1,002.89	474.20		545.34
7 Other contingent funding obligations	212.34		244.19	285.11		327.87	223.30		256.81	181.96		209.25	128.07		147.28
8 TOTAL CASH OUTFLOWS	7,141.39		8,212.61	6,734.62		7,744.80	6,757.55		7,771.22	6,316.01		7,263.41	6,029.51		6,933.95
Cash Inflows															
9 Secured lending	-		-	-		-	-		-	-		-	-		-
10 Inflows from fully performing exposures	7,172.31		5,379.23	6,855.15		5,141.36	6,584.41		4,938.31	6,455.15		4,841.35	3,865.47		2,899.10
11 Other cash inflows	8,495.15		6,371.36	11,948.45		8,961.33	15,473.09		11,604.81	16,143.09		12,107.32	10,829.56		8,122.17
12 TOTAL CASH INFLOWS	15,667.46		11,750.59	18,803.60		14,102.69	22,057.50		16,543.12	22,598.23		16,948.67	14,695.03		11,021.27
13 TOTAL HQLA			Total Adjusted Value			Total Adjusted Value			Total Adjusted Value			Total Adjusted Value			Total Adjusted Value
14 TOTAL NET CASH OUTFLOWS			4,308.76			4,703.68			4,632.05			4,895.41			2,577.66
15 LIQUIDITY COVERAGE RATIO (%)			209.86%			1,936.20			1,942.80			1,815.85			1,733.49
						242.93%			238.42%			269.59%			148.70%

90 LIQUIDITY COVERAGE RATIO (Contd.)

Particulars	As at March 31, 2023			As at December 31, 2022			As at September 30, 2022			As at June 30, 2022			As at March 31, 2022		
	(Rs. in crores)														
	Total	Unweighted value (average)*	Total Weighted value (average)#	Total	Unweighted value (average)*	Total Weighted value (average)#	Total	Unweighted value (average)*	Total Weighted value (average)#	Total	Unweighted value (average)*	Total Weighted value (average)#	Total	Unweighted value (average)*	Total Weighted value (average)#
Components of HQLA @															
1 Assets considered for HQLA without any haircut	484.59		484.59	993.39		993.39	1,055.90		1,055.90	1,492.28		1,492.28	263.86		263.86
2 Assets considered for HQLA with a minimum haircut of 15%	-		-	31.34		26.64	53.60		45.56	55.81		47.44	11.65		9.90
3 Assets considered for HQLA with a minimum haircut of 50%	-		-	-		-	-		-	-		-	-		-
4 Approved securities held as per the provisions of section 45 IB of RBI Act	4,780.21		3,824.17	4,604.57		3,683.65	4,413.23		3,530.59	4,194.61		3,355.69	2,879.87		2,303.90
Total	5,264.80		4,308.76	5,629.30		4,703.68	5,522.73		4,632.05	5,742.70		4,895.41	3,155.38		2,577.66

* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Company for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Qualitative disclosure around Liquidity Coverage Ratio (LCR)

The Reserve Bank of India has prescribed Guidelines on Maintenance of Liquidity Coverage Ratio (LCR). All non-deposit taking NBFCs with asset size of Rs. 10,000 crores and above, and all deposit taking NBFCs irrespective of their asset size, is required to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days.

The LCR requirement was applicable from December 01, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%, 70%, 85% and 100% by December 01, 2021, December 01, 2022, December 01, 2023, December 01, 2024 respectively. The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold for all the quarters.

LCR comprises of HQLAs as numerator and net cash outflows in 30 days as denominator.

“High Quality Liquid Assets (HQLA)” means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

The average LCR is computed as simple averages of daily observations over the previous quarter.

The average LCR for the quarter ended March 31, 2023 is 209.86% which is well above against RBI prescribed LCR of 70%.

91 DISCLOSURE OF RESTRUCTURED ACCOUNTS

(Rs. in crores)

Sr. No.	Type of restructuring Financial year Asset classification	Others									
		Year ended March 31, 2023					Year ended March 31, 2022				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 01	13,490	38,565	2,556	748	55,359	8,626	21,229	4,517	763	35,135
	Amount outstanding	356.87	1,195.52	233.67	97.02	1,883.08	271.50	767.88	425.87	81.86	1,547.11
	Provision thereon	45.70	527.34	132.53	54.54	760.11	43.40	329.99	173.41	31.62	578.42
2	Fresh restructuring during the year	-	20,014	393	21	20,428	-	38,956	701	38	39,695
	Amount outstanding	-	548.74	20.62	1.76	571.12	-	1,191.55	61.56	4.00	1,257.11
	Provision thereon	-	208.67	7.93	0.69	217.29	-	517.79	28.75	1.75	548.29
3	Upgradation	23,001	(22,336)	(616)	(49)	-	13,490	(12,338)	(1,076)	(76)	-
	Amount outstanding	761.89	(721.28)	(36.58)	(4.03)	-	459.10	(397.93)	(56.64)	(4.53)	-
	Provision thereon	333.67	(314.76)	(16.99)	(1.92)	-	197.90	(171.95)	(24.10)	(1.85)	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	-	-	-	-	-	(4,355)	-	-	-	(4,355)
	Amount outstanding	-	-	-	-	-	(167.18)	-	-	-	(167.18)
	Provision thereon	-	-	-	-	-	(23.77)	-	-	-	(23.77)
5	Downgradation of restructured accounts during the year	-	(2,513)	2,063	450	-	-	(1,082)	696	386	-
	Amount outstanding	-	(180.88)	109.43	71.45	-	-	(71.00)	22.73	48.27	-
	Provision thereon	-	(83.12)	34.86	48.26	-	-	(29.60)	10.57	19.03	-
6	Write-offs of restructured accounts during the year	(13,490)	(14,820)	(972)	(332)	(29,614)	(4,271)	(8,200)	(2,282)	(363)	(15,116)
	Amount outstanding	(584.31)	(374.85)	(89.32)	(41.86)	(1,090.34)	(206.55)	(294.98)	(219.85)	(32.58)	(753.96)
	Provision thereon	(283.69)	(138.44)	(44.44)	(0.65)	(467.22)	(171.83)	(118.89)	(56.10)	(3.99)	(342.83)
7	Restructured accounts as on March 31	23,001	18,910	3,424	838	46,173	13,490	38,565	2,556	748	55,359
	Amount outstanding	534.45	467.25	237.82	124.34	1,363.86	356.87	1,195.52	233.67	97.02	1,883.08
	Provision thereon	95.68	199.69	113.89	100.92	510.18	45.70	527.34	132.53	54.54	760.11

Note:

- The outstanding amount and number of borrowers as at March 31, 2023 and March 31, 2022 is after considering recoveries during the period.
- Additional facilities availed by borrowers or addition in outstanding balance in existing restructured accounts and partial repayments in existing restructured accounts are adjusted and disclosed under "Write-offs of restructured accounts", however, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.
- The Company has classified all the restructured accounts under stage 3 for ECL Calculations under Ind AS and Provision for Impairment Loss on all the restructured accounts have been provided in the books accordingly.
- Since the disclosure of restructured accounts pertains to section "Others", the first two sections namely "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per the format prescribed in the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit Taking Company (Reserve Bank) Directions 2016 as amended are not included above.
- For the purpose of arithmetical accuracy, movement in provisions in the existing restructured account as compared to balance of provision as disclosed in opening balance and fresh restructuring on account sale/recovery/settlement (for any change in provision) is adjusted and disclosed under "Write-offs of restructured accounts" during the year.
- The above disclosure does not include one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DOR.NO.BPBC/3/21.04.04/2020-21 Resolution Framework for COVID-19-related Stress and RBI/2021-22/31/DOR.STR.REC.11 /21.04.04/2021-22 Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 05, 2021.

92 ASSET CLASSIFICATION AS PER RBI NORMS

Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated March 13, 2020 pertaining to Asset classification as per RBI Norms:

Asset classification as per RBI Norms		Asset classification as per Ind AS 109	Year ended March 31, 2023					Year ended March 31, 2022				
			Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)	(3)	(4)	(5)	(6)	(7)
Performing assets												
Standard	Stage 1	155,619.94	4,541.30	151,078.64	646.07	3,895.23		103,492.98	3,381.35	100,111.63	429.51	2,951.84
	Stage 2	16,336.30	1,105.27	15,231.03	74.40	1,030.87		13,318.50	1,211.03	12,107.47	107.54	1,103.49
Subtotal		171,956.24	5,646.57	166,309.67	720.47	4,926.10		116,811.48	4,592.38	112,219.10	537.05	4,055.33
Non-Performing Assets (NPA)												
Substandard	Stage 3	7,900.73	3,539.80	4,360.93	1,498.88	2,040.92		6,863.72	3,171.79	3,691.93	672.60	2,499.19
Doubtful - up to 1 year	Stage 3	1,879.40	1,078.82	800.58	914.54	164.28		632.27	368.08	264.19	259.34	108.74
1 to 3 years	Stage 3	452.35	271.62	180.73	299.91	(28.29)		465.30	307.09	158.21	265.23	41.86
More than 3 years	Stage 3	1.52	0.70	0.82	1.50	(0.80)		-	-	-	-	-
Subtotal for doubtful		2,333.27	1,351.14	982.13	1,215.95	135.19		1,097.57	675.17	422.40	524.57	150.60
Loss	Stage 3	1,148.18	816.33	331.85	1,059.72	(243.39)		926.26	594.54	331.72	846.52	(251.98)
Subtotal for NPA		11,382.18	5,707.27	5,674.91	3,774.55	1,932.72		8,887.55	4,441.50	4,446.05	2,043.69	2,397.81
Other items such as guaranttees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,612.49	56.63	2,555.86	-	56.63		1,196.69	42.70	1,153.99	-	42.70
	Stage 2	49.56	4.17	45.39	-	4.17		-	-	-	-	-
	Stage 3	34.28	18.04	16.24	-	18.04		3.00	3.00	-	-	3.00
Subtotal		2,696.33	78.84	2,617.49	-	78.84		1,199.69	45.70	1,153.99	-	45.70
Total	Stage 1	158,232.43	4,597.93	153,634.50	646.07	3,951.86		104,689.67	3,424.05	101,265.62	429.51	2,994.54
	Stage 2	16,385.86	1,109.44	15,276.42	74.40	1,035.04		13,318.50	1,211.03	12,107.47	107.54	1,103.49
	Stage 3	11,416.46	5,725.31	5,691.15	3,774.55	1,950.76		8,890.55	4,444.50	4,446.05	2,043.69	2,400.81
	Total	186,034.75	11,432.68	174,602.07	4,495.02	6,937.66		126,898.72	9,079.58	117,819.14	2,580.74	6,498.84

93 LIQUIDITY RISK

Public Disclosure on Liquidity Risk for the year ended March 31, 2023 and March 31, 2022 pursuant to RBI circular dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

(i) Funding concentration based on significant counterparty¹ (both deposits and borrowings)

Particulars	Number of significant counterparties	Amount (Rs. in crores)*	% of Total deposits	% of Total liabilities ³
As at March 31, 2023	18	67,207.87	185.97%	41.91%
As at March 31, 2022	13	39,594.35	180.39%	34.08%

*Includes securitisation liabilities exposure

(ii) Top 20 large deposits (amount in Rs. in crores and % of total deposits)

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Total amount of top 20 large deposits	1,628.33	1,793.23
Percentage of amount of top 20 large deposits to total deposits	4.51%	8.17%

(iii) Top 10 borrowings (amount in Rs. in crores and % of total borrowings)

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
Total amount of top 10 borrowings*	48,886.75	35,696.57
Percentage of amount of top 10 borrowings to total borrowings	30.96%	31.18%

*Includes securitisation liabilities exposure

(iv) Funding concentration based on significant instrument/ product²

Sr. No.	Name of the instrument/product	(Rs. in crores)			
		As at March 31, 2023		As at March 31, 2022	
		Amount	% of Total liabilities ³	Amount	% of Total liabilities ³
1	Redeemable non-convertible debentures (secured and unsecured)	30,244.58	18.86%	21,353.86	18.38%
2	External commercial bond	12,513.28	7.80%	19,011.29	16.36%
3	Term loan from banks	31,900.26	19.89%	16,755.62	14.42%
4	Term loan from financial institutions/ corporates	9,296.56	5.80%	5,685.24	4.89%
5	External commercial borrowing	9,828.01	6.13%	4,243.13	3.65%
6	Other loans - Securitisation liabilities	22,106.09	13.79%	19,538.08	16.82%
7	Deposits	36,139.83	22.54%	21,948.98	18.89%
8	Subordinated debts	4,523.85	2.82%	4,614.25	3.97%

(v) Stock ratios

Sr. No.	Particulars	As at March 31, 2023			As at March 31, 2022		
		as a % of Total public funds ⁴	as a % of Total liabilities ³	as a % of Total assets	as a % of Total public funds ⁴	as a % of Total liabilities ³	as a % of Total assets
(a)	Commercial papers	-	-	-	-	-	-
(b)	Non-convertible debentures (original maturity of less than one year)	-	-	-	-	-	-
(c)	Other short-term liabilities ⁵	3.62%	3.56%	2.80%	4.66%	4.58%	3.75%

93 LIQUIDITY RISK (Contd.)

(vi) Institutional set-up for liquidity risk management

Refer note 55.01.01: Risk management structure and 55.03: Liquidity risk and funding management for institutional set-up for liquidity risk management.

*Notes:

- 1) Significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- 2) Significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities, as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- 3) Total liabilities has been computed as sum of all liabilities (Total of Balance Sheet less Total Equity).
- 4) Public funds include funds raised either directly or indirectly through public deposits, inter-corporate deposits (except from associate), deposits from corporates (except from associate), bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue, as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.
- 5) Other short-term liabilities include all short-term borrowings other than commercial papers and non-convertible debentures with original maturity less than one year.
- 6) The amount stated in this disclosure is based on the audited financial statements for the years ended March 31, 2023 and March 31, 2022.

94 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

Instruments	Credit Rating Agency	As at March 31, 2023	As at March 31, 2022
Bank Loan Long-term	CRISIL Limited	CRISIL AA+/Stable	CRISIL AA+/Stable
Bank Loan Short-term	CRISIL Limited	CRISIL A1+	CRISIL A1+
Bank Loans	India Ratings & Research Private Limited	IND AA+/Stable	-
Commercial Paper	India Ratings & Research Private Limited	IND A1+	IND A1+
Commercial Paper	CARE Ratings Limited	CARE A1+	CARE A1+
Commercial Paper	CRISIL Limited	CRISIL A1+	CRISIL A1+
Dual Recourse Bond	India Ratings & Research Private Limited	IND AAA (CE)/Stable	IND AAA (CE)/Stable
Fixed deposit	CRISIL Limited	-	CRISIL FAAA/ Stable
Fixed deposit	ICRA	[ICRA] AA+ (Stable)	MAA+ with Stable outlook
Term Deposit	India Ratings & Research Private Limited	IND AA+/Stable	-
Long Term Principal Protected Market Linked Debentures	CRISIL Limited	CRISIL PPMLD AA+/Stable	CRISIL PPMLD AA+r/Stable

94 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR (Contd.)

Instruments	Credit Rating Agency	As at March 31, 2023	As at March 31, 2022
Principal Protected Market Linked Debentures	India Ratings & Research Private Limited	IND PP-MLD AA+/ Stable	-
Principal Protected Market Linked Debentures (Dual Recourse)	India Ratings & Research Private Limited	-	IND PP-MLD AAA(CE)emr'/ Stable
Long-Term Issuer Credit Rating	Standard & Poor's Ratings	BB-/ Stable	BB-/ Stable
Long-Term Issuer Default Rating	Fitch Ratings	BB/ Stable Outlook	BB/ Stable Outlook
Subordinated debt	CARE Ratings Limited	CARE AA+/Stable	CARE AA+/Stable
Subordinated debt	India Ratings & Research Private Limited	IND AA+/Stable	IND AA+/Stable
Subordinated debt	CRISIL Limited	CRISIL AA+/Stable	CRISIL AA+/Stable
Non-convertible debentures	CARE Ratings Limited	CARE AA+/Stable	CARE AA+/Stable
Non-convertible debentures	CRISIL Limited	CRISIL AA+/Stable	CRISIL AA+/Stable
Non-convertible debentures	India Ratings & Research Private Limited	IND AA+/Stable	IND AA+/Stable
Non-convertible debentures	ICRA	[ICRA] AA+ (Stable)	-
Offshore Rupee Denominated Bond (Masala Bond)	Standard & Poor's Ratings	BB-	BB-
Offshore Rupee Denominated Bond (Masala Bond)	Fitch Ratings	BB	BB
Short-Term Issuer Credit Rating	Standard & Poor's Ratings	B	B
Short-Term Issuer Default Rating	Fitch Ratings	B	B
U.S. Dollar Senior Secured Notes	Standard & Poor's Ratings	BB-	BB-
U.S. Dollar Senior Secured Notes	Fitch Ratings	BB	BB
Local Currency Long Term Issuer Default Rating	Fitch Ratings	BB/ Stable Outlook	BB/ Stable Outlook

95 CAPITAL ADEQUACY RATIO

Particulars	(Rs. in crores unless otherwise stated)	
	As at March 31, 2023	As at March 31, 2022
i) Tier I Capital	35,526.68	23,335.32
ii) Tier II Capital	2,368.88	2,563.01
iii) Total Capital	37,895.56	25,898.33
iv) Total Risk Weighted Assets	167,582.05	112,756.33
v) CRAR (%)	22.61	22.97
vi) CRAR - Tier I Capital (%)	21.20	20.70
vii) CRAR - Tier II Capital (%)	1.41	2.27
viii) Common equity Tier - 1 Capital (CET-1)	34,777.83	NA
ix) CET-1 (%)	20.75	NA
x) Amount of subordinated debt raised as Tier-II Capital*	4,543.70	4,676.10
xi) Amount raised by issue of Perpetual debt instruments	-	-

“Tier I Capital”, “Tier II Capital”, “Owned fund” and Capital Adequacy Ratio are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020.

“Common Equity Tier 1 Capital (CET-1)” is calculated as defined in notification RBI/2022-23/30/DOR.CAPREC. No.21/21.06.201/2022-23 Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL) issued by RBI on April 19, 2022.

*Discounted value of Rs. 1,944.88 crores (March 31, 2022: Rs. 2,640.62 crores) considered for Tier II Capital against the book value of Rs. 4,543.70 crores (March 31, 2022: Rs. 4,676.10 crores).

96 INVESTMENTS

(Rs. in crores)		
Particulars	As at March 31, 2023	As at March 31, 2022
(1) Value of investments		
(i) Gross value of investments		
(a) In India	8,542.48	6,845.16
(b) Outside India	63.35	-
(ii) Provisions for depreciation		
(a) In India	40.77	36.00
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	8,501.71	6,809.16
(b) Outside India	63.35	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	36.00	38.01
(ii) Add : Provisions made during the year	4.77	-
(iii) Less : Write-off/write-back of excess provisions during the year	-	2.00
(iv) Closing balance	40.77	36.00

97 DERIVATIVES

97.01: Forward rate agreement/Interest rate swap

(Rs. in crores)		
Particulars	As at March 31, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	40,040.27	36,819.39
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swap	-	-
(v) The fair value of the swap book	668.81	201.40

97.02: Exchange traded interest rate (IR) derivatives : Nil

97.03: Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

The Company has entered into derivative agreement to mitigate the foreign exchange risk and interest rate risk pertaining to external commercial borrowings and foreign currency bonds. The description of risk policies and risk mitigation strategies are disclosed in note 55 of the financial statements.

97 DERIVATIVES (Contd.)

Quantitative Disclosures

(Rs. in crores)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
(i) Derivatives (Notional principal amount)				
For hedging	22,809.86	17,230.41	22,769.76	14,049.63
(ii) Marked to market positions				
a) Asset (+)	516.41	152.40	185.02	16.38
b) Liability (-)	-	-	-	-
(iii) Credit exposure	-	-	-	-
(iv) Unhedged exposures	-	-	-	-

98 DISCLOSURES RELATING TO SECURITISATION/DIRECT ASSIGNMENT

98.01: Disclosure as per RBI Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021

The information on securitisation of the Company as an originator is given below:

(Rs. in crores)

Sr. No.	Particulars	Non-STC Transactions		STC Transactions#	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1	No. of SPEs holding assets for securitisation transactions originated by the originator	95	86	-	1
2	Total amount of securitised assets as per books of the SPEs	22,277.04	19,061.78	-	765.73
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	4,328.66	3,781.95	-	84.46
	a) Off-balance sheet exposures				
	• First loss	111.31	111.31	-	-
	• Others	-	-	-	-
	b) On-balance sheet exposures				
	• First loss	3,123.94	2,713.36	-	46.17
	• Others	1,204.72	1,068.59	-	38.29
4	Amount of exposures to securitisation transactions other than MRR	-	-	-	-
	a) Off-balance sheet exposures				
	i) Exposure to own securitisations				
	• First loss	-	-	-	-
	• Others	200.24	346.25	-	-
	ii) Exposure to third party securitisations				
	• First loss	-	-	-	-

98 DISCLOSURES RELATING TO SECURITISATION/DIRECT ASSIGNMENT (Contd.)

(Rs. in crores)

Sr. No.	Particulars	Non-STC Transactions		STC Transactions#	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	• Others	-	-	-	-
	b) On-balance sheet exposures				
	i) Exposure to own securitisations				
	• First loss	-	-	-	-
	• Others	1,656.48	1,953.01	54.02	54.02
	ii) Exposure to third party securitisations				
	• First loss	-	-	-	-
	• Others	-	-	-	-
5	Sale consideration received for the securitised assets	16,965.25	11,950.46	-	923.43
	Gain/loss on sale on account of securitisation	2,480.32	2,331.79	-	131.45
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-	-	-
7	Performance of facility provided				
	Credit enhancement				
	(a) Amount paid	2,194.61	1,675.08	-	146.47
	(b) Repayment received	2,900.05	1,674.02	17.05	7.99
	(c) Outstanding amount	5,985.14	5,734.96	121.43	138.48
8	Average default rate of portfolios observed in the past				
	(a) Vehicle loans	7.36	7.56	-	7.56
	(b) Two wheeler loans	6.98	-	-	-
	(c) Trade finance	7.63	-	-	-
9	Amount and number of additional/top up loan given on same underlying asset	-	-	-	-
10	Investor complaints				
	(a) Directly/Indirectly received	-	-	-	-
	(b) Complaints outstanding	-	-	-	-

Simple, transparent and comparable (STC) securitisations as defined in RBI Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021.

98.02: Disclosure as per Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

Details of transfer through assignment in respect of loans not in default during the financial year ended March 31, 2023 and March 31, 2022:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Count of loans accounts assigned	187,450	53,252
Amount of loan accounts assigned (Rs. in crores)	2,171.20	1,267.08
Weighted average maturity (in months)	40	39
Weighted average holding period (in months)	10	13
Retention of beneficial economic interest	10.00%	10.00%
Coverage of tangible security	100.00%	100.00%
Rating wise distribution of rated loans	Not rated	Not rated

98 DISCLOSURES RELATING TO SECURITISATION/DIRECT ASSIGNMENT (Contd.)

Details of acquired through assignment in respect of loans not in default during the financial years ended March 31, 2023 and March 31, 2022:

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Secured loans	Unsecured loans	Secured loans	Unsecured loans
Count of loans accounts assigned	9,391	15,514	-	-
Amount of loan accounts assigned (Rs. in crores)	48.71	103.62	-	-
Weighted average maturity (in months)	25	16	-	-
Weighted average holding period (in months)	7	7	-	-
Retention of beneficial economic interest	80.00%	80.00%	-	-
Coverage of tangible security	64.66%	NA	-	-
Rating wise distribution of rated loans	Not rated	Not rated	-	-

The Company has neither acquired nor transferred any stressed loans during the financial years ended March 31, 2023 and March 31, 2022.

As at March 31, 2023

(Rs. in crores)

Particulars	Upto 0 - 7 days	Upto 8 - 14 days	Upto 15 - 30 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits *	263.83	116.96	453.06	636.32	788.10	2,473.58	4,756.63	18,544.71	8,240.84	-	36,274.03
Advances **	4,457.12	1,256.69	2,111.70	6,088.57	6,253.71	18,430.17	33,643.35	77,070.05	19,287.81	3,385.41	171,984.58
Investments	512.31	5.33	37.09	276.26	58.52	109.90	421.19	1,244.58	951.95	4,947.93	8,565.06
Borrowings ***	615.24	1,145.61	3,143.82	3,901.76	6,848.22	8,798.20	15,203.93	38,184.56	9,802.53	11,781.30	99,425.17
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	127.33	-	124.23	4,961.73	6,167.05	7,496.34	2,442.69	1,021.92	22,341.29

As at March 31, 2022

(Rs. in crores)

Particulars	Upto 0 - 7 days	Upto 8 - 14 days	Upto 15 - 30 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits *	230.91	119.21	342.61	579.91	607.03	1,901.57	3,056.24	10,673.39	4,520.04	-	22,030.91
Advances **	2,068.41	693.90	1,497.28	3,436.81	3,416.21	10,358.59	19,977.17	57,703.76	15,753.24	1,759.78	116,665.15
Investments	49.98	106.48	1,310.10	442.19	762.58	113.89	158.46	641.28	529.38	2,694.82	6,809.16
Borrowings ***	703.79	1,531.30	1,442.41	1,785.22	4,116.35	4,725.37	11,358.56	29,829.09	5,463.83	8,366.53	69,322.45
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	243.02	-	85.35	326.71	5,791.35	12,638.18	4,121.61	48.20	23,254.42

* includes deposits from corporates and unclaimed matured deposit.

** net of Impairment loss allowance.

*** excludes deposits which are shown separately and external commercial borrowings and external commercial bond which are shown separately under Foreign currency liabilities.

100 ADDITIONAL DISCLOSURES

100.01: Provisions and contingencies (Rs. in crores)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2023	Year ended March 31, 2022
Provisions for depreciation on investment	-	-
Provision towards NPA#	3,258.98	2,560.65
Provision made towards income tax ##	2,205.55	841.32
Provision for Standard Assets ###	-	-
Other Provision and contingencies	-	-
Provision towards impairment of financial instruments other than provision for stage 3 assets	900.19	1,300.21

Provision for stage 3 assets

Provision made towards income tax comprises of current tax, deferred tax and tax adjustment for earlier years.

Provision for standard assets is included in provision towards impairment of financial instruments other than provision for stage 3 assets.

100.02: Draw down from reserves

The draw down from reserves was Rs. Nil.

100.03: Concentration of Deposits, Advances, Exposures and NPAs

100.03.01: Concentration of Deposits (for deposit taking NBFCs)

	As at March 31, 2023	As at March 31, 2022
Particulars		
Total deposits of twenty largest depositors	921.10	760.82
Percentage of deposits of twenty largest depositors to total deposits of the NBFC	2.65%	3.75%

100.03.02: Concentration of advances

	As at March 31, 2023	As at March 31, 2022
Particulars		
Total advances to twenty largest borrowers *	399.15	308.66
Percentage of advances to twenty largest borrowers to total advances of the NBFC *	0.22%	0.25%

* Excludes retained interest on direct assignment Rs. 266.52 crores (March 31, 2022 Rs. 159.97 crores)

100.03.03: Concentration of exposures

	As at March 31, 2023	As at March 31, 2022
Particulars		
Total exposure to twenty largest borrowers/ customers *	399.15	308.66
Percentage of exposures to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/ customers *	0.22%	0.25%

* Excludes retained interest on direct assignment Rs. 266.52 crores (March 31, 2022 Rs. 159.97 crores).

100.03.04: Concentration of NPAs

	As at March 31, 2023	As at March 31, 2022
Particulars		
Total exposure to top four NPA accounts**	139.15	154.79

** NPA accounts refer to stage 3 assets.

100 ADDITIONAL DISCLOSURES (Contd.)

Note 101: Movement of NPAs \$

Particulars	(Rs. in crores)	
	Year ended March 31, 2023	Year ended March 31, 2022
(i) Net NPAs to net advances (%)	3.19%	3.67%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	8,887.55	8,292.81
(b) Additions during the year @	11,093.20	7,575.61
(c) Reductions during the year	(8,598.57)	(6,980.87)
(d) Closing balance	11,382.18	8,887.55
(iii) Movement of Net NPAs		
(a) Opening balance	4,446.05	4,806.68
(b) Additions during the year	7,169.14	4,038.36
(c) Reductions during the year	(5,940.28)	(4,398.99)
(d) Closing balance	5,674.91	4,446.05
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	4,441.50	3,486.13
(b) Provisions made during the year	3,924.06	3,537.25
(c) Write-off/write-back of excess provisions	(2,658.29)	(2,581.88)
(d) Closing balance	5,707.27	4,441.50

\$ NPAs refer to stage 3 assets.

@ includes Effects of business combination

102 CUSTOMER COMPLAINTS

102.01: Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
	Complaints received by the Company from its customers		
1	Number of complaints pending at beginning of the year	62	88
2	Number of complaints received during the year *	9,837	3,449
3	Number of complaints disposed during the year	9,769	3,475
	3.1 Of which, number of complaints rejected by the Company	-	-
4	Number of complaints pending at the end of the year	130	62
	Maintainable complaints received by the Company from Office of Ombudsman		
5	Number of maintainable complaints received by the Company from Office of Ombudsman**	656	213
	5.1 Of 5, number of complaints resolved in favour of the Company by Office of Ombudsman	654	213
	5.2 Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	2	2
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* includes 3 complaints pending as at March 31, 2022 in transferor company SCUF.

** includes 6 complaints pending as at March 31, 2023 which were resolved subsequently.

102 CUSTOMER COMPLAINTS (Contd.)

102.02: Top five grounds of Complaints received by the Company from Customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2023					
Loan Related *	47	2,883	29%	52	4
Documents Related	9	1,967	262%	23	2
Collection Related	1	1,461	1560%	14	-
Loan Settlement	1	419	424%	5	-
Policy Renewal	-	201	279%	3	-
Miscellaneous *	4	2,906	550%	33	-
Total	62	9,837	185%	130	6

* Effects of business combination (Refer note 52)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2022					
Loan Related	59	2,238	65%	47	-
Documents Related	18	543	22%	9	-
Collection Related	2	88	38%	1	-
Loan Settlement	1	80	176%	1	-
Policy Renewal	6	53	(70%)	-	-
Miscellaneous	2	447	105%	4	-
Total	88	3,449	51%	62	-

103 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

The Company does not have any joint venture or subsidiary abroad, hence not applicable.

104 OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

The Company has not sponsored any off-balance sheet SPV which are required to be consolidated as per accounting norms.

105 INFORMATION ON INSTANCES OF FRAUD

Instances of fraud for the year ended March 31, 2023:

(Rs. in crores)

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount written-off
Fraud committed by employees	3	0.41	-	-
Fraud committed by customers and outsiders	1	0.18	0.21	0.18

* includes Rs. 0.16 crores recovered from the fraud cases reported during the year ended March 31, 2015.

105 INFORMATION ON INSTANCES OF FRAUD (Contd.)

Instances of fraud for the year ended March 31, 2022:					(Rs. in crores)
Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount written-off	
Fraud committed by employees	2	3.14	0.01	-	
Fraud committed by customers and outsiders	-	-	-	-	

* includes Rs. 0.01 crores recovered from the fraud cases reported during the year ended March 31, 2020.

106 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

No penalties have been levied by any regulator on the Company for the financial year ended March 31, 2023 and March 31, 2022.

107 EXPOSURES

107.01: Exposure to real estate sector

Category	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
i) Direct exposure		
a) Residential Mortgages*		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented and also includes non-fund based (NFB) limits.	5,580.77	556.55
b) Commercial Real Estate*		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) and also includes non-fund based (NFB) limits.	1,260.70	129.94
c) Investments in Mortgage-Backed Securities (MBS) and other securitised exposures		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	6,841.47	686.49

*Repayment of the MSME loans primarily depends on the cash flows from business operations of the borrower and are additionally secured by immovable property.

107.02: Sectoral exposure

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (Rs. in crores)	Gross NPAs (Rs. in crores)	Percentage of Gross NPAs to total exposure in that Sector	Total Exposure (Rs. in crores)	Gross NPAs (Rs. in crores)	Percentage of Gross NPAs to total exposure in that Sector
1) Agriculture and Allied Activities	-	-	-	-	-	-
2) Industry	-	-	-	-	-	-

107 EXPOSURES (Contd.)

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (Rs. in crores)	Gross NPAs (Rs. in crores)	Percentage of Gross NPAs to total exposure in that Sector	Total Exposure (Rs. in crores)	Gross NPAs (Rs. in crores)	Percentage of Gross NPAs to total exposure in that Sector
3) Services						
i Transport Operators	153,208.66	9,737.34	6.36%	124,065.49	8,404.72	6.77%
ii SME Loans	18,926.51	1,119.55	5.92%	1,363.81	413.55	30.32%
iii Others	-	-	-	-	-	-
Total of Services	172,135.17	10,856.89	6.31%	125,429.30	8,818.27	7.03%
4) Personal Loan						
i Gold loan	4,478.39	141.03	3.15%	-	-	-
ii Others	6,724.86	384.25	5.71%	269.73	69.28	25.68%
Total of Personal Loan	11,203.25	525.29	4.69%	269.73	69.28	25.68%
5) Others, if any	-	-	-	-	-	-
TOTAL	183,338.42	11,382.18	6.21%	125,699.03	8,887.55	7.07%

107.03: Intra-group exposures

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
i) Total amount of intra-group exposures	1,587.61	13.37
ii) Total amount of top 20 intra-group exposures	1,587.61	13.37
iii) Percentage of intra-group exposures to total exposure of the Company on borrowers/ customers	0.87%	0.01%

107.04: Exposure to capital market

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,664.36	37.26
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-

107 EXPOSURES (Contd.)

Particulars	(Rs. in crores)	
	As at March 31, 2023	As at March 31, 2022
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the Company in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	1.53	1.53
(ii) Category II	-	-
(iii) Category III	-	-
Total exposure to capital market	1,665.89	38.79

107.05: Unhedged foreign currency exposure

The Company does not have any unhedged foreign currency exposures for the financial years ended March 31, 2023 and March 31, 2022. Please refer to note 55 Risk management for the Company policies to manage currency induced risk.

107.06: Details of financing of parent company products

The Company does not have any Parent Company, hence not applicable.

107.07: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the years ended March 31, 2023 and March 31, 2022.

107.08: Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

108 BREACH OF COVENANT

There were no instances of default or breaches of covenant in respect of loan availed or debt securities issued during the financial years ended March 31, 2023 and March 31, 2022.

109 DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

The RBI has neither assessed any additional provisioning requirements in excess of 5 percent of the reported profits before tax and impairment loss on financial instruments for the financial year ended March 31, 2022, nor identified any additional Gross NPAs in excess of 5% of the reported Gross NPAs for the said period.

110 DISCONTINUED OPERATIONS

The Company had no discontinuing operations during the financial year ended March 31, 2023 and March 31, 2022.

111 WHISTLE- BLOWER COMPLAINTS

There were no whistle blower complaints received by the Company during the financial year ended March 31, 2023 and March 31, 2022.

As per our report of even date

For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

ICAI Firm Registration No.: 105146W/W100621

For Sundaram & Srinivasan

Chartered Accountants

ICAI Firm Registration No.: 004207S

For and on behalf of the Board of Directors of

Shriram Finance Limited

(formerly Shriram Transport Finance Company Limited)

Devang Doshi
Partner

Membership No.: 140056
Mumbai
April 27, 2023

P Menakshi Sundaram
Partner

Membership No.: 217914
Mumbai
April 27, 2023

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
New Delhi
April 27, 2023

Y. S. Chakravarti
Managing Director
& CEO
DIN: 00052308
Mumbai
April 27, 2023

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 27, 2023

U Balasundararao
Company Secretary
Mumbai
April 27, 2023

As required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Schedule to the Balance Sheet

(Rs. in crores)

Liabilities side :		As at March 31, 2023	
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		Amount Outstanding	Amount Overdue
(a) Debentures : Secured		30,169.89	12.92 #
: Unsecured		87.61	Nil
(Other than falling within the meaning of public deposits*)			
(b) Deferred Credits		Nil	Nil
(c) Term Loans		63,302.91	Nil
(d) Inter-corporate Loans and Borrowings		Nil	Nil
(e) Commercial Paper		Nil	Nil
(f) Public Deposits* @		34,805.01	133.02 #
(g) Other Loans - Subordinated Debts		4,535.05	11.20 #
- Cash Credit		459.10	Nil
- Corporate Loan		Nil	Nil
- Unsecured Loan from Subsidiary		Nil	Nil
- Deposits from Corporates		1,469.02	1.18 #
- Senior Secured Notes		894.73	Nil
- External Commercial Borrowing - Secured		9,828.01	Nil
- External Commercial Bond - Secured		12,513.28	Nil
@ Excludes Deposits from Corporates			
* Please see note 1 below			
# Represent amounts unclaimed			

(Rs. in crores)

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		Amount Outstanding	Amount Overdue
(a) In the form of Unsecured Debentures		Nil	Nil
(b) In the form of Partly Secured Debentures i.e debentures where there is a shortfall in the value of security		Nil	Nil
(c) Other Public Deposits @		34,805.01	133.02 #
@ Excludes Deposits from Corporates			
* Please see note 1 below			
# Represent amounts unclaimed			

(Rs. in crores)

Assets side :		As at March 31, 2023
(3) Break-up of loans and advances including bills receivables (other than those included in (4) below):		Amount Outstanding
(a) Secured		171,702.30
(b) Unsecured		11,636.12

		(Rs. in crores)
(4)	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities €	Amount Outstanding
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
	(ii) Stock on hire including hire charges under sundry debtors :	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
	(iii) Other loans counting towards asset financing activities : €	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	Nil

€ The Company has not disclosed amount outstanding under assets financing activities under note 4(iii) and included entire loan amount outstanding under note 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment Companies in to a new category "NBFC - Investment and Credit Company" vide its circular no. DNBR (PD) CC. No. 097/03.10.001/2018-19 dated February 22, 2019.

		(Rs. in crores)
(5)	Break-up of Investments : \$	Amount Outstanding
	Current Investments :	
	1 Quoted :	
	(i) Shares :	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of Mutual Funds	Nil
	(iv) Government Securities	Nil
	(v) Others	Nil
	2 Unquoted :	
	(i) Shares:	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of Mutual Funds	Nil
	(iv) Government Securities	Nil
	(v) Others	Nil

		(Rs. in crores)
Assets side :	As at March 31, 2023	
Break-up of Investments : \$	Amount Outstanding	
Long Term Investments :		
1. Quoted :		
(i) Shares :		
(a) Equity		63.35
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		5,219.92
(v) Others		Nil
2. Unquoted :		
(i) Shares:		
(a) Equity		1,601.01
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		512.31
(iv) Government Securities		Nil
(v) Others		
- Venture Capital Fund		1.53
- Investment in PTC		1,166.94

\$ The Company has not disclosed the breakup of investment into Long term investment and current investment as the classification is not required under Indian Accounting Standards issued by MCA for NBFCs.

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :

Please see note 2 below

		(Rs. in crores)	
		Amount (Net of provisions)	
Category		Secured	Unsecured
1	Related Parties **		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other Related Parties	Nil	Nil
2	Other than Related Parties	161,356.52	10,628.06
	Total	161,356.52	10,628.06

		(Rs. in crores)	
		As at March 31, 2023	
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): \$ Please see note 3 below		Market Value/ Break up of fair value or NAV*	Book Value (Net of Provisions)
Category			
1	Related Parties **		
	(a) Subsidiaries	1,101.97	1,562.24
	(b) Companies in the same group	12.00	12.00
	(c) Other Related Parties	71.12	13.37
2	Other than Related Parties	6,855.68	6,977.45
	Total	8,040.77	8,565.06

* Disclosure is made in respect of available information.

** As per Indian Accounting Standard issued by MCA (Please see note 3)

\$ The Company has not disclosed the breakup of investment into Long term investment and current investment as the classification is not required under Indian Accounting Standards issued by MCA.

		(Rs. in crores)
(8) Other information		Amount
(i)	Gross Non-Performing Assets ₹	
	(a) Related Parties	Nil
	(b) Other than Related Parties	11,382.18
(ii)	Net Non-Performing Assets ₹	
	(a) Related Parties	Nil
	(b) Other than Related Parties	5,674.91
(iii)	Assets acquired in satisfaction of debt	Nil

₹ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Notes :

- As defined in point xxvii of paragraph 3 of Chapter II of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.
- All notified Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as amortised cost or at fair value (5) above.

FORM AOC-1

(Pursuant to first proviso to sub- section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part A: Subsidiaries (Refer note 45)

(Rs. in crores)

Sr. No.	Particulars	
1	Name of the subsidiary	Shriram Housing Finance Limited (from April 01, 2022)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
4	Share capital	326.05
5	Reserves & surplus	973.14
6	Total assets	7,742.67
7	Total liabilities	6,443.48
8	Investments (included in total assets)	256.88
9	Turnover	793.63
10	Profit before taxation	169.96
11	Provision for taxation	32.21
12	Profit after taxation	137.75
13	Proposed dividend	-
14	% of shareholding	84.82%

Note:

- Names of subsidiaries which are yet to commence operations: NIL
- Names of subsidiaries which have been liquidated or sold during the year: NIL

Part B: Associates and joint venture (Refer note 45)

Sr. No.	Particulars - Associate	Shriram Automall India Limited
1	Latest audited balance sheet date	March 31, 2023
2	Shares of associate held by the Company on the year end	
	No.	13,369,565
	Amount of investment in associate (Rs. in crores)	13.37
	Extent of holding %	44.56%

Part B: Associates and joint venture (Refer note 45)

Sr. No.	Particulars - Associate	Shriram Automall India Limited
3	Description of how there is significant influence	By virtue of holdings being 20% or more - Associate Company
4	Reason why the associate is not consolidated	NA
5	Networth attributable to shareholding as per latest audited Balance Sheet (Rs. in crores) *	174.07
6	Profit/(Loss) for the year (Rs. in crores)*	
i	Considered in consolidation	8.56
ii	Not considered in consolidation	10.64

* on consolidated basis

The Company does not have any joint venture.

Note:

- Names of associates or joint ventures which are yet to commence operations: NIL
- Names of associates or joint ventures which have been liquidated or sold during the year: NIL

For and on behalf of the Board of Directors of
Shriram Finance Limited
(formerly Shriram Transport Finance Company Limited)

Jugal Kishore Mohapatra
Chairman

DIN: 03190289
New Delhi
April 27, 2023

Y. S. Chakravarti
Managing Director
& CEO

DIN: 00052308
Mumbai
April 27, 2023

Parag Sharma
Joint Managing Director
& CFO

DIN: 02916744
Mumbai
April 27, 2023

U Balasundararao
Company Secretary

Mumbai
April 27, 2023

To the Members of
Shriram Transport Finance Company Limited

**REPORT ON THE AUDIT OF THE STANDALONE
FINANCIAL STATEMENTS**

Opinion

1. We have audited the accompanying standalone financial statements of Shriram Transport Finance Company Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Emphasis of Matter

4. We draw attention to Note 63 to the Standalone Financial Statements which describes the facts that

the additional Expected Credit Loss ('ECL') provision on account of COVID-19 is based on the Company's historical experience, collection efficiencies post lockdown, internal assessment, and other emerging forward-looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our Opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the year under report. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial statements.

A. Impairment Loss Allowance of loans and advances

(Reference to Note 12 read with Statement of Accounting Policies Note 6.1(xi) and Note No. 63 of the Other Notes forming part of Standalone Financial statements- Schedule to the Standalone Financial Statements)

	(Rs. in crores)
Gross Advances	125,699.03
Provisions*	9,033.88
Net Advances	116,665.15
COVID-19 Provision*	2,052.58

(*COVID-19 Provisions - towards management overlay on account of COVID-19 is included in above provisions)

B. Significant estimates and judgment involved

Key Audit Matter

During the year, Reserve Bank of India issued revised guidelines (including clarifications thereon) on Income Recognition and Asset Classification norms ("IRAC"). These guidelines prescribe the prudential norms for identification and classification of such assets as Stage 3 / NPAs.

The Company has applied its judgement to determine the identification and classification of such assets as Stage 3 / NPAs by applying quantitative as well as qualitative factors. The risk of identification of such assets as Stage 3 / NPAs is affected by factors like stress and liquidity concerns of such assets.

Impairment loss allowance of loans and advances (“Impairment loss allowance”) is a Key Audit Matter as the Company has significant credit risk exposure considering the large loan portfolio across a wide geographical range. The value of loans and advances on the balance sheet is significant and there is a high degree of complexity and judgment involved in estimating individual and collective credit impairment provisions, write-offs against these loans and to additionally determine the asset quality and provision of the Company. The Company’s model to calculate expected credit loss (“ECL”) is inherently complex and judgment is applied in determining the correct construction of the three-stage impairment model (“ECL Model”) including the selection and input of forward looking information. ECL provision calculation require the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modelled impairment provisions. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.

C. Auditor's Response

Audit Procedures included but were not limited to the following:

We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls

implemented by the Company.

We also assessed whether the impairment methodology used by the Company is in accordance with the assumptions and methodology approved by the Board of Directors of the Company which is based on and in compliance with Ind AS 109 “Financial Instruments”,

Accordingly, we assessed the approach of the Company regarding definition of Default, Probability of Default (PD), Loss Given Default (LGD) and incorporation of forward-looking information for the calculation of ECL.

For loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures:

- Read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the IRAC norms;
- We understood the design, reliability and operating effectiveness of key data inputs and related management controls;
- We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the company.
- We tested the identification / grouping of the loan accounts mapped with the customer code as identified by the management;
- We tested the exception reports generated from the company's software systems where the loan accounts have been recorded.
- We performed analytical procedures to identify possible cases of evergreening of loans and tested these on sample basis.
- We checked the stage classification as at the balance sheet date as per the definition of Default of the Company and Reserve Bank of India circulars issued from time to time;
- We validated the ECL Model and its calculation by involving our Information Technology Expert;
- We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts;
- We have verified whether the ECL provision is made in accordance with the Board Approved Policy in this regard;

- We have also calculated the ECL provision manually for selected samples;
- We have assessed the assumptions made by the Company in making accelerated provision considering forward looking information and based on an event in a particular geographical range;
- With respect to additional provision made by the Company on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company; and
- We have assessed disclosure requirements for classification and identification of Stage 3/ NPAs in accordance with RBI circulars including those issued specifically issued for COVID-19 related matters.

For loans and advances which are written off during the year under audit, we read and understood the methodology and policy laid down and implemented by the Company in this regards along with its compliance on sample basis.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

7. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report like Management Discussion and Analysis, Director's Report and Corporate Governance Report, but does not include the Standalone Financial Statements and our auditors' report thereon which we obtained prior to the date of this auditor's report, and Annual Report, which is expected to be made available to us after that date.
8. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Standalone Financial Statements

10. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ("Ind AS") specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
11. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Standalone Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
13. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

15.1 Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

15.2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

15.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

15.4 Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

15.5 Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

19. The comparative financial statements of the Company for the year ended 31 March 2021 included in Standalone Financial Statements, were audited by the then Joint statutory auditors "Haribhakti & Co. LLP, Chartered Accountants" and "Pijush Gupta & Co., Chartered Accountants" whose reports dated 29 April 2021 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

20. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a

- statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
21. As required by Section 143(3) of the Act, we report that:
- 21.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 21.2 In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- 21.3 The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.
- 21.4 In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- 21.5 On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- 21.6 With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 21.7 With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
22. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us, we report as under:
- 22.1 The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Standalone Financial Statements – Refer Note 49 to the Standalone Financial Statements;
- 22.2 The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 10 to the Standalone Financial Statements;
- 22.3 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 22.4 (a) The management has represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The management has also represented to us, to the best of its knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause 22.4(a) and 22.4(b) contain any material misstatement.

22.5 As stated in Note 30 to the Standalone Financial Statements

- (a) The final dividend proposed in the previous year, declared, and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The interim dividend declared and paid by the Company during the year and until the

date of this report is in compliance with Section 123 of the Act.

- (c) The Board of Directors of the Company have not proposed final dividend for the year. As such the interim dividend aggregating to Rs. 20/-per share (i.e. 200 %) shall be the final dividend for the financial year 2021-22 . The amount of dividend declared is in accordance with section 123 of the Act, as applicable.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration Number - 004207S

P Menakshi Sundaram
Partner
Membership Number: 217914
UDIN: 22217914AHYPLD3562
Place: Mumbai
Date: 28 April 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Gautam Shah
Partner
Membership Number: 117348
UDIN:22117348AHYPWL1328
Place: Mumbai
Date: 28 April 2022

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Shriram Transport Finance Company Limited for the year ended 31 March 2022

(Referred to in paragraph 20 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ("PPE") and relevant details of right-of-use assets.
The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) and intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988 as amended in 2016) and rules made thereunder. Refer note 84 to the Standalone Financial Statements.
- ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.
- (b) During the year, the Company has availed sanctioned working capital limit in excess of Rs. 5 crores from Banks or Financial Institutions on the basis of security of Loans. Based on our examination of the records of the company, the quarterly returns/ statements filed by the company with the said bank are in agreement with the books of accounts maintained by the Company.
- iii. (a) Since the Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(a) of the Order is not applicable to it.
- (b) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934. In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees, provided during the year are, prima facie, not prejudicial to the Company's interest.
- (c) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 and 63 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its

ANNEXURE A

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 and 63 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

- (e) Since the Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(e) of the Order is not applicable to it.
- (f) Based on our audit procedures, according to the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.
- iv. According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company being a non-banking financial company registered with the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for the business activities carried out by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.
- vii. (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues relating to amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and any other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have dues which have not been deposited as on March 31, 2022, except for the following:

Name of the statute	Nature of dues	Amount* (Rs. In crores)	Period to which the amount relates @	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	35.25	A.Y. 2018-19	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	13.44	A.Y. 2017-18	ITAT
Income Tax Act, 1961	Income Tax demands	26.10	A.Y. 2016-17	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.46	A.Y. 2014-15	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.79	A.Y. 2014-15	Assessing Officer
Income Tax Act, 1961	Income Tax demands	1.80	A.Y. 2014-15	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	1.53	A.Y. 2013-14	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.02	A.Y. 2013-14	Assessing Officer

Name of the statute	Nature of dues	Amount* (Rs. In crores)	Period to which the amount relates @	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	0.47	A.Y. 2012-13	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.27	A.Y. 2012-13	Assessing Officer
Income Tax Act, 1961	Income Tax demands	10.00	A.Y. 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax demands	9.21	A.Y. 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax demands	10.26	A.Y. 2009-10	Madras High Court
Income Tax Act, 1961	Income Tax demands	1.84	A.Y. 2008-09	Madras High Court
Income Tax Act, 1961	Income Tax demands	0.27	A.Y. 2007-08	Madras High Court
Income Tax Act, 1961	Income Tax demands	0.08	A.Y. 2006-07	Assessing Officer
Finance Act, 1994 (Service tax)	Service tax on interest on hypothecation loans	1,768.66	F.Y. 2005-06 to April 01, 2017 to June 30, 2017	Mumbai High Court
Finance Act, 1994 (Service tax)	Service tax demand on securitisation collection commission	192.88	F.Y. 2008-09 to 2014-2015	CESTAT (Custom, Excise and Service tax appellate tribunal)
Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease transaction	3.90	1 st March 2006 to 31 st March 2010	Supreme Court
Maharashtra Value Added Tax	Value added tax	0.29	F.Y. 2016-17	Joint Commissioner of Sales tax- Mazgaon
Maharashtra Value Added Tax	Value added tax	0.02	F.Y. 2015-16	Joint Commissioner of Sales tax - Bandra
Maharashtra Value Added Tax	Value added tax	0.79	F.Y. 2014-15	Joint Commissioner of Sales tax - Mazgaon
Maharashtra Value Added Tax	Value added tax	0.01	F.Y. 2014-15	Joint Commissioner of Sales tax - Bandra
Maharashtra Value Added Tax	Value added tax	0.21	F.Y. 2012-13 to 2013-14	Deputy Commissioner of Sales Tax - Appeals - Mumbai
Maharashtra Value Added Tax	Value added tax	5.40	F.Y. 2007-08 to 2013-14	Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value added tax	0.00#	F.Y. 2006-07	Deputy Commissioner of Sales Tax - Appeals - Mumbai
Maharashtra Value Added Tax	Value added tax	0.00#	F.Y. 2005-06	Maharashtra Sales Tax Tribunal - Pune
Andhra Pradesh Value Added Tax	Value added tax	0.12	F.Y. 2010-11 to 2012-13	High court of Telangana - Hyderabad
Andhra Pradesh Value Added Tax	Value added tax	3.27	F.Y. 2009-10 to 2010-11 and 1 st April 2011 to 31 st August 2012	High court of Telangana - Hyderabad
Andhra Pradesh Value Added Tax	Value added tax	3.48	F.Y. 2005-06 to 2008-09	High court of Andhra Pradesh - Vijaywada
Rajasthan Value Added Tax	Value added tax	1.59	F.Y. 2012-13 to 2015-16 And 1 st April, 2016 to 4 th Nov 2016	Rajasthan Tax Tribunal, Ajmer

ANNEXURE A

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

Name of the statute	Nature of dues	Amount* (Rs. In crores)	Period to which the amount relates @	Forum where dispute is pending
Rajasthan Value Added Tax	Value added tax	1.16	F.Y. 2006-07 to 2011-12	Supreme Court – Delhi
Karnataka Value Added Tax	Value added tax	8.07	F.Y. 2010-11 to 2016-17	High court of Karnataka
Orissa Value Added Tax	Value added tax	0.09	F.Y. 2008-09 to 2012-13	DCCT – Bhubaneshwar
Telangana Value Added Tax	Value added tax	9.81	F.Y. 2013-14 to 2016-17 and April 17 to June 17	High Court of Telangana
Tamil Nadu Value Added Tax	Value added tax	3.73	F.Y. 2014-15 to 2016-17 and April 17 to June 17	The Company is in the process of filing an appeal with Madras High Court.
Tamil Nadu Value Added Tax	Value added tax	2.90	F.Y. 2006-07 to 2013-14	Supreme Court – Delhi

*Above amounts are net of amount paid under protest, wherever paid.

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores

@ A.Y. = Assessment Year, F.Y. = Financial Year

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans from bank during the year for the purposes for which they were obtained, other than temporary parking in Cash credit account for a few days at the end of the year, pending utilization towards purpose for which the same are obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) & (f) The company has not taken any funds from any entity or person on account of or to meet the obligations of its associate. The Company does not have any subsidiaries or joint ventures.
- x. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any moneys raised by way of further public offer during the current financial year. In our opinion, monies raised by the Company by way of debt instruments and term loans were applied for the purposes for which those were obtained, though idle/ surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment of equity shares during the year. The Company has complied with the relevant provisions of the Act in connection with the funds raised through preferential allotment and the same have been utilised for the purposes for which they were raised
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to Rs. 3.14 crore comprising of 2 instances.

- (b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, there were no whistle blower complaints received during the year by the Company.
- xii. The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) for the period under audit, issued to the Company during the year till date, in determining the nature, timing and extent of our audit procedures in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act, 2013 are not applicable to the Company.
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.
- (d) As per information provided in course of our audit, the Group to which the Company belongs has 3 CIC's as defined in the Core Investment Companies (Reserve Bank) Directions, 2016.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. During the year, Haribhakti & Co. LLP, Chartered Accountants and Pijush Gupta & Co., Chartered Accountants, the joint Statutory auditors of the Company have resigned with effect from 15 September 2021 consequent to amended rules/regulations applicable to the Company. (i.e. vide RBI circular dated 27 April 2021). According to the information and explanations given to us, there have been no issues, objections or concerns raised by the said outgoing joint statutory auditors of the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Note 47 to the Standalone Financial statements which describe the maturity analysis of assets & liabilities other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

ANNEXURE A

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

- xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.
- xxi. Information of qualification remarks with respect to Associate as reported by Component auditor in their CARO report are as follows:

Sr. No.	Name of the Company	CIN	Holding Company/ subsidiary/Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Shriram Automall India Limited	U50100TN2010PLC074572	Associate and its subsidiaries	Clause vii (a)

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration Number - 004207S

P Menakshi Sundaram
Partner
Membership Number: 217914
UDIN: 22217914AHYPLD3562
Place: Mumbai
Date: 28 April 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Gautam Shah
Partner
Membership Number: 117348
UDIN:22117348AHYPWL1328
Place: Mumbai
Date: 28 April 2022

Annexure B to the Independent Auditor's report on the Standalone Financial Statements of Shriram Transport Finance Company Limited for the year ended 31 March 2022

(Referred to in paragraph 21.6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of Shriram Transport Finance Company Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain

ANNEXURE B

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

STANDALONE ACCOUNTS

to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration Number - 004207S

P Menakshi Sundaram
Partner
Membership Number: 217914
UDIN: 22217914AHYPLD3562
Place: Mumbai
Date: 28 April 2022

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Gautam Shah
Partner
Membership Number: 117348
UDIN: 22117348AHYPWL1328
Place: Mumbai
Date: 28 April 2022

BALANCE SHEET

AS AT MARCH 31, 2022

(Rs. in crores)			
Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	8	10,662.44	11,050.93
(b) Bank balance other than (a) above	9	5,692.72	5,390.89
(c) Derivative financial instruments	10	201.40	169.25
(d) Receivables	11		
(I) Trade receivables		5.35	8.92
(II) Other receivables		192.67	49.90
(e) Loans	12	116,665.15	108,303.04
(f) Investments	13	6,809.16	3,197.85
(g) Other financial assets	14	51.45	49.03
Total financial assets		140,280.34	128,219.81
(2) Non-financial assets			
(a) Current tax assets (net)	15	228.24	171.73
(b) Deferred tax assets (net)	43	869.38	639.14
(c) Investment property	16	1.97	2.00
(d) Property, plant and equipment	17	110.56	124.44
(e) Right-of-use assets	18	302.52	308.51
(f) Other intangible assets	19	3.04	2.39
(g) Other non-financial assets	20	310.04	293.32
Total non-financial assets		1,825.75	1,541.53
Total assets		142,106.09	129,761.34
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Payables	21		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.02	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		166.01	152.52
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		1.46	0.37
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.21	0.54
(b) Debt securities	22	41,256.55	40,061.87
(c) Borrowings (other than debt securities)	23	46,676.93	45,281.37
(d) Deposits	24	21,948.98	16,232.41
(e) Subordinated liabilities	25	4,614.25	4,620.76
(f) Lease liabilities	18	349.43	349.49
(g) Other financial liabilities	26	859.64	1,149.82
Total financial liabilities		115,874.48	107,849.15
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	27	36.82	102.02
(b) Provisions	28	138.18	142.54
(c) Other non-financial liabilities	29	124.42	99.26
Total non-financial liabilities		299.42	343.82
Total liabilities		116,173.90	108,192.97
(3) Equity			
(a) Equity share capital	30	270.52	253.06
(b) Other equity	31	25,661.67	21,315.31
Total equity		25,932.19	21,568.37
Total liabilities and equity		142,106.09	129,761.34

See accompanying notes to the financial statements

As per our report of even date

For Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration No. 105146W/W-100621

For Sundaram & Srinivasan

Chartered Accountants

ICAI Firm Registration No. 004207S

For and on behalf of the Board of Directors of

Shriram Transport Finance Company Limited

Gautam Shah

Partner

Membership No. 117348

Mumbai

April 28, 2022

P Menakshi Sundaram

Partner

Membership No. 217914

Mumbai

April 28, 2022

S. Lakshminarayanan

Chairman

DIN: 02808698

Mumbai

April 28, 2022

Umesh Revankar

Vice Chairman &

Managing Director

DIN: 00141189

Mumbai

April 28, 2022

Parag Sharma

Joint Managing Director & CFO

DIN: 02916744

Mumbai

April 28, 2022

Vivek M. Achwal

Company Secretary

Mumbai

April 28, 2022

STATEMENT OF **PROFIT AND LOSS**
FOR THE YEAR ENDED MARCH 31, 2022

STANDALONE ACCOUNTS

(Rs. in crores)			
Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
(i) Interest income	32	18,646.26	17,128.14
(ii) Dividend income		-	-
(iii) Rental income		0.17	0.21
(iv) Fees and commission income	33	100.08	115.86
(v) Net gain on fair value changes	34	221.70	21.80
(vi) Net gain on derecognition of financial instruments under amortised cost category		217.74	58.85
(vii) Other operating income	35	69.22	95.59
(I) Total Revenue from operations		19,255.17	17,420.45
(II) Other Income	36	19.06	15.95
(III) Total Income (I + II)		19,274.23	17,436.40
Expenses			
(i) Finance cost	37	9,734.31	9,054.26
(ii) Fees and commission expenses	38	91.74	78.89
(iii) Impairment on financial instruments	39	3,860.86	3,118.40
(iv) Employee benefits expenses	40	997.09	906.25
(v) Depreciation, amortisation and impairment	41	135.37	137.36
(vi) Other expenses	42	905.61	863.23
(IV) Total expenses		15,724.98	14,158.39
(V) Profit before exceptional items and tax (III - IV)		3,549.25	3,278.01
(VI) Exceptional items		-	-
(VII) Profit before tax (V + VI)		3,549.25	3,278.01
(VIII) Tax Expense:			
(1) Current tax	43	1,112.57	1,197.77
(2) Deferred tax	43	(188.93)	(545.36)
(3) Tax adjustment for earlier years	43	(82.32)	138.34
(IX) Profit for the year from continuing operations (VII - VIII)		2,707.93	2,487.26
(X) Profit for the year		2,707.93	2,487.26
(XI) Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(3.24)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.82	-
Subtotal (A)		(2.42)	-
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge reserve			
Gain/(loss) on effective portion of hedging instruments in a cash flow hedge		(160.87)	(124.31)
(ii) Income tax relating to items that will be reclassified to profit or loss		40.49	31.29
Subtotal (B)		(120.38)	(93.02)
Other comprehensive income (A + B)		(122.80)	(93.02)
(XII) Total Comprehensive income for the year (X + XI)		2,585.13	2,394.24
(XIII) Earnings per equity share (face value Rs. 10/- per equity share)	44		
Basic (Rs.)		101.74	100.97
Diluted (Rs.)		101.74	100.97

See accompanying notes to the financial statements

As per our report of even date

For **Khimji Kunverji & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 105146W/W-100621

For **Sundaram & Srinivasan**

Chartered Accountants

ICAI Firm Registration No. 004207S

For and on behalf of the Board of Directors of

Shriram Transport Finance Company Limited

Gautam Shah

Partner

Membership No. 117348

Mumbai

April 28, 2022

P Menakshi Sundaram

Partner

Membership No. 217914

Mumbai

April 28, 2022

S. Lakshminarayanan

Chairman

DIN: 02808698

Mumbai

April 28, 2022

Parag Sharma

Joint Managing Director & CFO

DIN: 02916744

Mumbai

April 28, 2022

Umesh Revankar

Vice Chairman &

Managing Director

DIN: 00141189

Mumbai

April 28, 2022

Vivek M. Achwal

Company Secretary

Mumbai

April 28, 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A.
(1)

Equity share capital	(Rs. in crores)		
Current reporting period	Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
As at March 31, 2021	253.06	17.46	As at March 31, 2022
			270.52

(2)

Previous reporting period	(Rs. in crores)		
Balance at the beginning of the previous reporting period	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
As at March 31, 2020	226.88	26.18	As at March 31, 2021
			253.06

B.
(1)

Particulars	Share application money pending allotment	Capital reserve	Securities premium	Reserves and surplus				Other comprehensive income	Money received against share warrants	Total
				Statutory reserve	Debt redemption reserve #	Capital redemption reserve	General reserve	Remeasurement gain/(loss) on defined benefit plan		
Balance at the beginning of the current reporting period (as at April 01, 2021)	-	27.64	3,201.27	4,166.39	921.41	53.88	2,663.27	(9.66)	-	21,315.31
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	27.64	3,201.27	4,166.39	921.41	53.88	2,663.27	(9.66)	-	21,315.31
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	(2.42)	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	(2.42)	-	-
Dividends (interim)	-	-	-	-	-	-	-	(539.65)	-	(539.65)
Dividends (final for the year ended March 31, 2021)	-	-	-	-	-	-	-	(160.23)	-	(160.23)
Transferred to/(from) (refer note 31 Other equity)	-	-	-	541.59	(614.13)	-	270.80	(198.26)	-	-
Any other change:	-	-	-	-	-	-	-	-	-	-
Securities premium proceeds received on issue of equity shares (refer note 30 Equity and note 31 Other equity)	-	-	2,482.54	-	-	-	-	-	-	2,482.54
Share issue expenses (refer note 30 Equity and note 31 Other equity)	-	-	(21.43)	-	-	-	-	-	-	(21.43)
Money received against share warrants	-	-	-	-	-	-	-	-	250.00	250.00
Shares allotted during the year	-	-	-	-	-	-	-	-	(250.00)	(250.00)
Balance at the end of the current reporting period (as at March 31, 2022)	-	27.64	5,662.38	4,707.98	307.28	53.88	2,934.07	(12.08)	(213.40)	25,661.67

STATEMENT OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

STANDALONE ACCOUNTS

(2) Previous reporting period

Particulars	Share application money pending allotment	Reserves and surplus					Other comprehensive income	Money received against share warrants	Total
		Capital reserve	Securities premium	Statutory reserve	Debenture redemption reserve #	Capital reserve	General reserve	Remeasurement gain/(loss) on defined benefit plan	
Balance at the beginning of the current reporting period (as at April 01, 2020)	-	27.64	1,754.81	3,668.93	610.41	53.88	2,414.54	(9.66)	17,778.28
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	27.64	1,754.81	3,668.93	610.41	53.88	2,414.54	(9.66)	17,778.28
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-
Dividends (interim)	-	-	-	-	-	-	-	-	-
Transferred to/(from) (refer note 31 Other equity)	-	-	-	497.46	311.00	-	248.73	-	-
Any other change:									
Securities premium proceeds received on issue of equity shares (refer note 30 Equity and note 31 Other equity)	-	-	1,466.01	-	-	-	-	-	1,466.01
Rights issue expenses (refer note 30 Equity and note 31 Other equity)	-	-	(19.55)	-	-	-	-	-	(19.55)
Balance at the end of the current reporting period (as at March 31, 2021)	-	27.64	3,201.27	4,166.39	921.41	53.88	2,663.27	(9.66)	21,315.31

Refer note 31 Other equity

See accompanying notes to the financial statements

As per our report of even date
For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 105146W/W-100621

Gautam Shah
Partner

Membership No. 117348
Mumbai
April 28, 2022

For **Sundaram & Srinivasan**
Chartered Accountants
ICAI Firm Registration No. 004207S

P Menakshi Sundaram
Partner

Membership No. 217914
Mumbai
April 28, 2022

For and on behalf of the Board of Directors of
Shriram Transport Finance Company Limited

S. Lakshminarayanan
Chairman

DIN: 02808698
Mumbai
April 28, 2022

Parag Sharma
Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 28, 2022

Unesh Revankar
Vice Chairman &
Managing Director
DIN: 00141189
Mumbai
April 28, 2022

Vivek M. Achwal
Company Secretary
Mumbai
April 28, 2022

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

Particulars	(Rs. in crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,549.25	3,278.01
Depreciation, amortisation and impairment	135.37	137.36
Interest income on loans	(18,028.13)	(16,611.31)
Finance costs	9,734.31	9,054.26
Loss/(profit) on sale of property plant and equipment (net)	0.79	0.65
Impairment on loans	3,865.02	3,128.29
Impairment on investments	(2.00)	(4.22)
Impairment on undrawn loan commitment	(4.00)	(5.45)
Impairment on other assets	1.84	(0.22)
Net (gain)/loss on fair value changes on investment	(236.83)	(22.87)
Net (gain)/loss on fair value changes on direct assignment	15.13	1.07
Net gain on derecognition of financial instruments under amortised cost category	217.74	58.85
Cash inflow from interest on loans	18,006.70	18,405.90
Cash outflow towards finance costs	(8,588.09)	(7,745.19)
Operating profit before working capital changes	8,667.10	9,675.13
Movements in working capital:		
Decrease/(increase) in loans	(12,205.70)	(10,994.29)
Decrease/(increase) in investments	(3,372.48)	(372.28)
Decrease/(increase) in receivables	(372.06)	(102.64)
Decrease/(increase) in bank deposits	(301.83)	(1,164.96)
Decrease/(increase) in other financial assets	(4.26)	(10.11)
Decrease/(increase) in other non-financial assets	(14.67)	(41.13)
Increase/(decrease) in payables	13.51	8.68
Increase/(decrease) in other financial liabilities	(138.25)	3.94
Increase/(decrease) in non-financial liabilities	25.16	15.98
Increase/(decrease) in other provision	(3.60)	1.66
Cash used in operations	(7,707.08)	(2,980.02)
Direct taxes paid (net of refunds)	(1,151.94)	(1,258.75)
Net cash flows from/(used in) operating activities (A)	(8,859.02)	(4,238.77)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(35.75)	(25.82)
Proceeds from sale of property, plant and equipment and intangible assets	1.42	0.94
Net cash generated from/(used in) investing activities (B)	(34.33)	(24.88)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

STANDALONE ACCOUNTS

Particulars	(Rs. in crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including share premium and net of share issue expenses)	2,478.57	1,472.64
Proceeds/(repayment) on settlement of derivative contracts	(32.15)	589.48
Increase / (decrease) in fixed deposits (net)	5,443.14	4,206.86
Amount received from debt securities	16,637.86	10,636.15
Repayment of debt securities	(16,203.36)	(5,797.45)
Proceeds/(repayment) of subordinated debts	(50.32)	(1,069.27)
Amount received from borrowings other than debt securities	41,477.93	38,480.04
Repayment of borrowings other than debt securities	(40,280.10)	(36,032.94)
Payment of lease liabilities	(114.90)	(107.33)
Dividend paid	(851.81)	(152.59)
Net cash generated from/(used in) financing activities (C)	8,504.86	12,225.59
Net increase in cash and cash equivalents (A+B+C)	(388.49)	7,961.94
Cash and cash equivalents at the beginning of the year	11,050.93	3,088.99
Cash and cash equivalents at the end of the year	10,662.44	11,050.93

Components of cash and cash equivalents	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents at the end of the year		
i) Cash on hand	95.05	79.61
ii) Cheques on hand	5.56	6.16
iii) Balances with banks (of the nature of cash and cash equivalents)	2,654.78	5,014.78
iv) Call money (CBLO)	3,198.60	2,498.85
v) Bank deposit with original maturity upto three months or less	4,708.45	3,451.53
Total	10,662.44	11,050.93

The above Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
See accompanying notes to the financial statements

As per our report of even date

For **Khimji Kunverji & Co LLP**
Chartered Accountants

ICAI Firm Registration No. 105146W/W-100621

For **Sundaram & Srinivasan**
Chartered Accountants

ICAI Firm Registration No. 004207S

For and on behalf of the Board of Directors of
Shriram Transport Finance Company Limited

Gautam Shah
Partner

Membership No. 117348
Mumbai
April 28, 2022

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Joint Managing Director & CFO
DIN: 02916744
Mumbai
April 28, 2022

Vivek M. Achwal
Company Secretary
Mumbai
April 28, 2022

1 CORPORATE INFORMATION

Shriram Transport Finance Company Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on BSE Limited and National Stock Exchange of India Limited. The Company is primarily engaged in the business of financing commercial vehicles. It also provides loans for equipment and other business purposes. It also accepts deposits from the public. The Company is registered with the Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA) and Insurance Regulatory and Development Authority of India (IRDA). The registration details are as follows:

RBI	07-00459
Corporate Identity Number (CIN)	L65191TN1979PLC007874
IRDA	CA0197

The Company is an associate of Shriram Capital Limited and Deposit Accepting Non-Banking Finance Company ("NBFC"), NBFC - Investment and Credit Company (NBFC-ICC) holding a Certificate of Registration from the Reserve Bank of India ("RBI") dated April 17, 2007.

The registered office of the Company is Sri Towers, 14A, South Phase, Industrial Estate, Guindy, Chennai, Tamil Nadu- 600 032. The principal place of business is Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra -Kurla Complex, Bandra (East), Mumbai, Maharashtra- 400 051.

The financial statements of the Company for the year ended March 31, 2022 were approved for issue in accordance with the resolution of the Board of Directors on April 28, 2022.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under the Section 133 of the Companies Act, 2013 ('the Act'). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting standards and other relevant provisions of the Companies Act 2013, guidelines issued by the RBI as applicable to a NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

The regulatory disclosures as required by Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the RBI are prepared as per the Ind AS financial statements, pursuant to the RBI notification on Implementation of Indian Accounting Standards, dated March 13, 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (refer note 6.1 (xi)).

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees in Crores (INR Crores or Rs. in crores) which is also the functional currency of the Company and all values are rounded to the nearest crore, except when otherwise indicated.

3 PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to Non-banking Finance Companies (NBFCs), as notified by the MCA. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows. The Company classifies its assets and liabilities as financial and non-financial and presents them in the order of liquidity. An analysis regarding expected recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in notes to the financial statements. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

4 STATEMENT OF COMPLIANCE

These standalone or separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

The Company has consistently applied accounting policies to all the periods except for note 6.1 (xi).

5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE /RECENT ACCOUNTING DEVELOPMENTS

MCA notifies new standard or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 which is effective from April 01, 2022. On March 24, 2021, MCA through a notification, amended Schedule III of the Companies Act, 2013 effective from April 01, 2021. Amendments relating to Division III which relate to NBFCs whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, have been complied with.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss

The classification depends on the contractual terms of the cashflows of the financial assets and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- ▶ The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.
- ▶ At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business model/ (s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments

These financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in the statement of profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date, the Company does not have any financial instruments measured at fair value through other comprehensive income.

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrument-by-instrument basis. As at reporting date, there are no equity instruments measured at fair value through other comprehensive income (FVOCI).

Amounts presented in other comprehensive income are not subsequently transferred to the statement of profit and loss. Dividends on such investments are recognised in the statement of profit and loss.

(iv) Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

Equity Investments

Investment in Associate is carried at cost in the Separate Financial Statements as permitted under Ind AS 27. All other equity investments are measured at fair value through profit or loss.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Company has not designated any financial liability as measured at fair value through profit or loss.

(v) Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities.

Hedge accounting:

The Company has adopted hedge accounting. The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria. The Company has formally designated and documented the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge: A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect the statement of profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in other comprehensive income as cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

(vi) Embedded Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(viii) Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

- The premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.

(ix) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2020-21 and until the year ended March 31, 2022.

(x) Recognition and Derecognition of financial assets and liabilities

Recognition

- a) Loans and Advances are initially recognised when the funds are transferred to the customers' account or delivery of assets by the dealer, whichever is earlier.
- b) Investments are initially recognised on the settlement date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
- d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that 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 marketplace.

Derecognition of financial assets due to substantial modification of terms and conditions:

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The 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:

- i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i. 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.
- ii. The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- iii. 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:

- i. The Company has transferred substantially all the risks and rewards of the asset, or
- ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain or loss on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss. As at the reporting date, the Company does not have any financial liabilities which have been derecognised.

(xi) Impairment of financial assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss (FVTPL), together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Business Loans, secured loans for new vehicles, secured loans for used vehicles and Equipment Finance Loans.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for e.g. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated November 12, 2021 borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset / Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset / Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

The Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly the change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 79.

Upgradation of accounts classified as Stage 3/Non-performing assets (NPA) - The Company upgrades loan accounts classified as Stage 3/NPA to "standard" asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the company in this regard.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

ECL on Investment in Government securities:

The Company has invested in Government of India loans. Investment in Government securities are classified under stage 1. No ECL has been applied on these investments as there is no history of delay in servicing of interest/repayments. The Company does not expect any delay in interest/redemption servicing in future.

Simplified approach for trade/other receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/other receivables that do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates. For trade receivables that contain a significant financing component a general approach is followed.

Financial guarantee contracts

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs by applying a credit conversion factor.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of profit and loss. The accumulated loss recognised in OCI is recycled to the statement of profit and loss upon derecognition of the assets. As at the reporting date, the Company does not have any debt instruments measured at fair value through OCI.

Undrawn loan commitments

When estimating ECL for undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown. The Company discloses ECL allowance on undrawn loan commitments under the head "Provisions" under Non-financial liabilities.

The mechanics of ECL

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 53.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 53.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 53.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably. Refer note 63 for impact of COVID and macro-economic factors on PD and LGD estimation.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. 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 values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. The Company generally does not use the assets repossessed for the internal operations. The underlying loans in respect of which collaterals have been repossessed and not sold for more than 12 months are considered as Stage 3 assets and fully provided for net of estimated realizable value or written off. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards and consequently the Company also does not derecognise the underlying financial asset immediately on repossession. The Company had revised its policy to fully provide for the underlying loans net of its estimated realisable value in respect of which collaterals had been repossessed and not sold for more than 6 months. The change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 78.

Restructured loans

The Company is permitted to restructure customer accounts. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of payment period / payable amount / the amount of instalments / rate of interest, sanction of additional credit facility/ release of additional funds for a customer account. The Company considers the modification of the loan only before the loans gets credit impaired. In case of restructuring, the accounts classified as 'standard' shall be immediately downgraded as non-performing assets / Stage 3 unless and other wise explicitly stated in the Circulars and Directions issued by Reserve Bank of India from time to time. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured until the customer account demonstrates satisfactory performance during the specified period.

For upgradation of accounts classified as Non-Performing Assets due to restructuring, the instructions as specified for such cases as per the said RBI guidelines shall continue to be applicable

Loan accounts which have been restructured or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020- Resolution Framework for COVID-19 related Stress and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021- Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and RBI/2020-21/17 DOR. No.BP.BC/4/21.04.048/2020-21- dated August 06, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances and RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) have been classified as Stage 2 due to significant increase in credit risk.

(xii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss. Write off in case of standard accounts is done by way of waiver of last one or two instalments in case the borrower pays all the EMIs as per the due dates mentioned in the agreement.

(xiii) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 6.1(iii) to 6.1(vi)) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the 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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

6.2 Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets measured at amortised cost other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of ECL provision) of the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

Interest spread under par structure of direct assignment of loan receivables is recognised upfront. On derecognition of the loan receivables in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised upfront in the statement of profit and loss.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(v) Net gain/loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note 34), held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Company does not have any debt instruments measured at FVOCI.

(vi) Net gain/loss on derecognition of financial instruments under amortised cost category

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on derecognition of such financial asset previously carried under amortisation cost category is presented separately under the respective head in the statement of profit and loss. The resulting interest only strip initially is recognised at FVTPL under interest income.

6.3 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to The Trustees - Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

(iii) Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019 (transition date). The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. For arrangements entered into prior to April 01, 2019, the Company has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate at the transition date in case of leases existing as on the date of transition date and in case of leases entered after transition date, incremental borrowing rate as on the date of lease commencement date. In case of existing leases, the said date would be the date of transition. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term. The Company's lease asset class consist of leases for office premises.

In case of a sub-lease, the Company accounts for its head lease and sub-lease separately.

The Company as a lessor

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset. Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

(iv) Other income and expenses

All other income and expense are recognised in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(vii) Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013 final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

6.4 Foreign currency translation

(i) Functional and presentational currency

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Initial recognition

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cheques on hand, balances with banks (of the nature of cash and cash equivalents). CBLO and short-term deposits, as defined above.

6.6 Property, plant and equipment

Property, plant and equipment (PPE) are carried at historical cost of acquisition less accumulated depreciation and accumulated impairment losses, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, if it is probable that future economic benefit will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	5 years	5 years
Electronic equipment	5 years	5 years
Office equipment	5 years	5 years
Refrigerator	5 years	5 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from / upto the date of acquisition/sale.

6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the statement of profit and loss in the same period.

6.9 Ind AS 101 - First-time Adoption of Indian Accounting Standards

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, intangible assets and investment property as at March 31, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, intangible assets and investment property as on April 01, 2017.

6.10 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

6.11 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each Balance Sheet date.

6.12 Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence 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. Contingent assets are not recognised nor disclosed in the financial statements. Contingent assets are reviewed at each Balance Sheet date.

6.13 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.14 Cash flow Statement

Cash flows are reported under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are prepared for the operating, investing and financing activities of the Company.

7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of 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 or fair value through other comprehensive income 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 assets.

7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.3 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels

of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6.1(xi) Overview of ECL principles.

7.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance sheet date and revised to take account of changing facts and circumstances.

7.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

7.7 Estimating the incremental borrowing rate

The Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to for its incremental borrowings.

7.8 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

		(Rs. in crores)	
Particulars		As at March 31, 2022	As at March 31, 2021
8	CASH AND CASH EQUIVALENTS		
	Cash on hand	95.05	79.61
	Balances with banks (of the nature of cash and cash equivalents)	2,654.78	5,014.78
	Cheques on hand	5.56	6.16
	Others		
	- Call money (CBLO)	3,198.60	2,498.85
	- Bank deposit with original maturity upto three months or less	4,708.45	3,451.53
	Total	10,662.44	11,050.93

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

		(Rs. in crores)	
Particulars		As at March 31, 2022	As at March 31, 2021
9	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
	Earmarked balances with banks for		
	- Interim dividend	-	151.84
	- Unclaimed dividend accounts	9.72	9.81
	Bank deposit with original maturity for more than three months	574.16	351.50
	Balances with banks to the extent held as credit enhancement or security against the borrowings, guarantees, other commitments. *	5,108.84	4,877.74
	Total	5,692.72	5,390.89

Fixed deposit and other balances with banks earns interest at fixed rate.

*Includes deposits Rs. 4,829.26 crores (March 31, 2021: Rs. 4,642.90 crores) pledged with Banks as margin for credit enhancement, Rs. 33.30 crores (March 31, 2021: Rs. 34.36 crores) as margin for guarantees and Rs. 246.28 crores (March 31, 2021: Rs. 200.48 crores) pledged as lien against loans taken.

10 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The Company has adopted hedge accounting.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

		(Rs. in crores)							
		As at March 31, 2022				As at March 31, 2021			
Particulars		Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
Part I									
(i)	Currency derivatives:								
	- Spots and forwards	17,040.59	97.84	-	-	13,826.90	79.37	-	-
	- Currency swaps	2,320.47	(276.95)	-	-	2,320.38	(103.23)	-	-
	- Cross currency interest rate swaps	3,408.70	364.13	-	-	6,236.92	181.54	-	-
	Sub total (i)	22,769.76	185.02	-	-	22,384.20	157.68	-	-

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

		(Rs. in crores)							
		As at March 31, 2022				As at March 31, 2021			
Particulars		Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
(ii) Interest rate derivatives:									
-Interest rate swaps		14,049.63	3.18	-	-	14,047.48	9.72	-	-
-Interest rate caps		-	13.20	-	-	-	1.85	-	-
Sub total (ii)		14,049.63	16.38	-	-	14,047.48	11.57	-	-
(iii) Credit derivatives:		-	-	-	-	-	-	-	-
(iv) Equity linked derivatives:		-	-	-	-	-	-	-	-
(v) Other derivatives:		-	-	-	-	-	-	-	-
Total Derivative financial instruments (i)+(ii)+(iii)+(iv)+(v)		36,819.39	201.40	-	-	36,431.68	169.25	-	-
Part II									
	Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
(i) Fair value hedging:		-	-	-	-	-	-	-	-
(ii) Cash flow hedging:		-	-	-	-	-	-	-	-
- Currency derivatives		22,769.76	185.02	-	-	22,384.20	157.68	-	-
- Interest rate derivatives		14,049.63	16.38	-	-	14,047.48	11.57	-	-
(iii) Net investment hedging:		-	-	-	-	-	-	-	-
(iv) Undesignated derivatives		-	-	-	-	-	-	-	-
Total Derivative financial instruments (i)+(ii)+(iii)+(iv)		36,819.39	201.40	-	-	36,431.68	169.25	-	-

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 53.

Derivatives designated as hedging instruments

The Company designates its derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract matches that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

10 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Derivatives not designated as hedging instruments

There are no undesignated derivatives.

Notes:

- 1) The interest rate risk and exchange rate risk on the borrowings of the Company are managed using various derivative instruments which are entered from time to time. The risk management strategy and the use of derivatives are explained in Note 53 - Risk management and Note 94 - Derivatives.
- 2) The Company has designated the interest rate derivatives which were entered to mitigate interest rate risks on its external commercial bond and external commercial borrowings, as hedging instruments.

The impact of the hedging instrument on the Balance sheet is as follows:

	As at March 31, 2022				As at March 31, 2021			
	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the year	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the year
Hedged Instrument								
Currency derivatives/ Interest rate derivatives	36,819.39	201.40	Derivative Financial Instruments	160.87	36,431.68	169.25	Derivative Financial Instruments	124.31

The impact of hedged items on the Balance sheet is as follows:

	As at March 31, 2022		As at March 31, 2021	
	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on March 31, 2022	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on March 31, 2021
Hedged Item				
External commercial bond and external commercial borrowings	(160.87)	(213.40)	(124.31)	(93.02)

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

	As at March 31, 2022	As at March 31, 2021
Particulars		
Hedged Item		
Total hedging gain / (loss) recognised in OCI	(160.87)	(124.31)
Ineffectiveness recognised in the statement of profit and loss	-	-
Line item in the statement of profit and loss that include the hedge ineffectiveness	NA	NA
Amount reclassified from cash flow hedge reserve to the statement of profit and loss	-	-
Line item in the statement of profit and loss that includes the reclassification adjustment	NA	NA

11 RECEIVABLES

(I) Trade receivables

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	5.35	8.92
Trade receivables which have significant increase in credit risk	-	-
Trade receivables -credit impaired	-	-
Gross	5.35	8.92
Less: Allowances for impairment loss on credit impaired trade receivables	-	-
Net	5.35	8.92

Trade receivables ageing

As at March 31, 2022

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	5.35	-	-	-	-	5.35
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
Gross	-	-	5.35	-	-	-	-	5.35

As at March 31, 2021

Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	8.92	-	-	-	-	8.92
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
Gross	-	-	8.92	-	-	-	-	8.92

11 RECEIVABLES (Contd.)

The managements expects no default in receipt of trade receivables; also there is no history of default observed by the management. Hence, no ECL has been recognised on trade receivables.

There are no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

(II) Other receivables

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Other receivables considered good-secured	-	-
Other receivables considered good-unsecured	192.67	49.90
Other receivables which have significant increase in credit risk	-	-
Other receivables - credit impaired	2.61	1.88
Gross	195.28	51.78
Less: Allowances for impairment loss on credit impaired other receivables	2.61	1.88
Net	192.67	49.90

There are no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Other receivables days past due		(Rs. in crores)						Total
		Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	
Estimated total gross carrying amount at default	March 31, 2022	189.17	4.10	0.59	0.27	0.85	0.30	195.28
ECL-simplified approach		-	1.45	0.01	-	0.85	0.30	2.61
Net carrying amount		189.17	2.65	0.58	0.27	-	-	192.67
Estimated total gross carrying amount at default	March 31, 2021	46.82	2.58	0.43	0.19	0.19	1.57	51.78
ECL-simplified approach		-	0.04	0.04	0.04	0.19	1.57	1.88
Net carrying amount		46.82	2.54	0.39	0.15	-	-	49.90

Reconciliation of impairment loss allowance on other receivables:

Particulars	(Rs. in crores)	
	Amount	
Impairment allowance measured as per simplified approach		
Impairment allowance as per April 01, 2020	2.10	
Add: Addition during the year	0.21	
(Less): Reduction during the year	(0.43)	
Impairment allowance as per March 31, 2021	1.88	
Add: Addition during the year	1.00	
(Less): Reduction during the year	(0.27)	
Impairment allowance as per March 31, 2022	2.61	

		(Rs. in crores)	
Particulars	As at March 31, 2022	As at March 31, 2021	
12 LOANS			
Loans (at amortised cost)			
(A)			
i) Term loans	123,999.00	113,424.31	
ii) Others @	1,700.03	2,767.28	
Total (A) - Gross	125,699.03	116,191.59	
Less : Impairment loss allowance (refer note 63)	9,033.88	7,888.55	
Total (A) - Net	116,665.15	108,303.04	
(B)			
i) Secured by tangible assets	123,981.87	113,415.53	
ii) Secured by deposits	17.13	8.78	
iii) Unsecured	1,700.03	2,767.28	
Total (B) - Gross	125,699.03	116,191.59	
Less : Impairment loss allowance (refer note 63)	9,033.88	7,888.55	
Total (B) - Net	116,665.15	108,303.04	
(C)			
Loans outside India	-	-	
Loans in India			
i) Public sector	-	-	
ii) Others			
Retail	125,285.30	115,654.09	
Corporates	413.73	537.50	
Total (C) - Gross	125,699.03	116,191.59	
Less : Impairment loss allowance (refer note 63)	9,033.88	7,888.55	
Total (C) - Net	116,665.15	108,303.04	

There are no loans measured at FVOCI or FVTPL or designated at FVTPL.

@ includes unsecured working capital loans, loans to employees, trade advances and part disbursement to customers.

Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 53.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 53.02.02.07.

		(Rs. in crores)							
		As at March 31, 2022				As at March 31, 2021			
Particulars		Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Internal rating grade									
Performing									
High grade		85,781.86	-	-	85,781.86	66,806.72	-	-	66,806.72
Standard grade		17,711.12	-	-	17,711.12	27,108.94	-	-	27,108.94
Sub-standard grade		-	8,511.97	-	8,511.97	-	6,570.01	-	6,570.01
Past due but not impaired		-	4,806.53	-	4,806.53	-	7,413.11	-	7,413.11
Non- performing		-	-	8,887.55	8,887.55	-	-	8,292.81	8,292.81
Total		103,492.98	13,318.50	8,887.55	125,699.03	93,915.66	13,983.12	8,292.81	116,191.59

12 LOANS (Contd.)

An analysis of changes in the gross carrying amount as follows:

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	General approach				General approach			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	93,915.66	13,983.12	8,292.81	116,191.59	87,064.97	12,259.66	9,177.08	108,501.71
New assets originated or purchased	54,151.77	5,925.28	1,731.40	61,808.45	32,100.42	4,062.47	1,318.50	37,481.39
Assets derecognised or repaid (excluding write offs and includes interest accruals adjusted)	(40,462.98)	(6,026.81)	(3,091.93)	(49,581.72)	(22,592.41)	(3,531.65)	(2,157.84)	(28,281.90)
Transfers to stage 1	10,616.77	(8,891.78)	(1,724.99)	-	9,958.65	(7,726.70)	(2,231.95)	-
Transfers to stage 2	(10,291.06)	10,849.87	(558.81)	-	(9,766.35)	10,722.93	(956.58)	-
Transfers to stage 3	(3,544.42)	(2,299.79)	5,844.21	-	(2,449.08)	(1,693.12)	4,142.20	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(892.76)	(221.39)	(1,605.14)	(2,719.29)	(400.54)	(110.47)	(998.60)	(1,509.61)
Gross carrying amount closing balance	103,492.98	13,318.50	8,887.55	125,699.03	93,915.66	13,983.12	8,292.81	116,191.59

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	General approach				General approach			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,046.35	1,356.07	3,486.13	7,888.55	2,156.05	928.08	3,185.95	6,270.08
New assets originated or purchased	1,735.00	628.10	754.40	3,117.50	1,010.13	402.20	556.65	1,968.98
Transfers to stage 1	1,628.92	(891.41)	(737.51)	-	1,381.13	(602.54)	(778.59)	-
Transfers to stage 2	(335.64)	574.88	(239.24)	-	(260.75)	598.96	(338.21)	-
Transfers to stage 3	(118.19)	(241.53)	359.72	-	(65.42)	(145.29)	210.71	-
Impact on year end ECL of exposures transferred between stages during the year and reversal of ECL on account of recovery	(1,682.33)	6.31	2,423.13	747.11	(774.25)	285.13	1,648.22	1,159.10
Amounts written off	(892.76)	(221.39)	(1,605.13)	(2,719.28)	(400.54)	(110.47)	(998.60)	(1,509.61)
ECL allowance - closing balance	3,381.35	1,211.03	4,441.50	9,033.88	3,046.35	1,356.07	3,486.13	7,888.55

The contractual amount outstanding on loans that have been written off during the financial year, but were still subject to enforcement activity was Rs. 1,689.33 crores (Rs. 1,080.81 crores for March 31, 2021).

13 INVESTMENTS

(Rs. in crores)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Amor- tised Cost	At Fair value Through profit or loss	Others (at cost)	Total	Amor- tised Cost	At Fair value Through profit or loss	Others (at cost)	Total
i) Investments in mutual funds	-	1,523.02	-	1,523.02	-	-	-	-
ii) Investments in government securities (refer note 65)	3,154.39	-	-	3,154.39	2,058.34	-	-	2,058.34
iii) Investments in equity instruments	-	23.89	-	23.89	-	6.74	-	6.74
iv) Investments in associates (at cost)	-	-	13.37	13.37	-	-	13.37	13.37
v) Investments in pass through certificates (unquoted)	1,106.88	-	-	1,106.88	1,155.87	-	-	1,155.87
vi) Investments in certificate of deposits	-	822.29	-	822.29	-	-	-	-
vii) Investments in commercial papers	199.79	-	-	199.79	-	-	-	-
viii) Others (venture capital fund)	-	1.53	-	1.53	-	1.54	-	1.54
Total Gross (A)	4,461.06	2,370.73	13.37	6,845.16	3,214.21	8.28	13.37	3,235.86
i) Investments outside India	-	-	-	-	-	-	-	-
ii) Investments in India	4,461.06	2,370.73	13.37	6,845.16	3,214.21	8.28	13.37	3,235.86
Total Gross (B)	4,461.06	2,370.73	13.37	6,845.16	3,214.21	8.28	13.37	3,235.86
Less : Allowance for impairment loss (C)	(36.00)	-	-	(36.00)	(38.01)	-	-	(38.01)
Total - Net D = (A) - (C)	4,425.06	2,370.73	13.37	6,809.16	3,176.20	8.28	13.37	3,197.85

More information regarding the valuation methodologies can be found in Note 52.09.

There is no investments measured at FVOCI or designated at FVTPL.

Investments carried at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system for investments carried at amortised cost are explained in note 53.02.

(Rs. in crores)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1 individual	Stage 2 individual	Stage 3	Total	Stage 1 individual	Stage 2 individual	Stage 3	Total
Internal rating grade								
Performing								
High grade	4,461.06	-	-	4,461.06	3,214.21	-	-	3,214.21
Standard grade	-	-	-	-	-	-	-	-
Non-performing								
Individually Impaired	-	-	-	-	-	-	-	-
Total	4,461.06	-	-	4,461.06	3,214.21	-	-	3,214.21

13 INVESTMENTS (Contd.)

An analysis of changes in gross carrying amount and the corresponding ECLs on investments carried at amortised cost which are subject to ECL is as follows:

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	3,214.21	-	-	3,214.21	2,767.25	52.67	-	2,819.92
New assets originated or purchased	2,141.55	-	-	2,141.55	1,093.04	2.08	-	1,095.12
Assets derecognised or matured (excluding write-offs)	(894.71)	-	-	(894.71)	(646.08)	(54.75)	-	(700.83)
Closing balance	4,461.06	-	-	4,461.06	3,214.21	-	-	3,214.21

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance in ECL	38.01	-	-	38.01	23.79	18.44	-	42.23
New assets originated or purchased	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	(2.00)	-	-	(2.00)	14.22	-	-	14.22
Recoveries	-	-	-	-	-	(18.44)	-	(18.44)
Closing balance in ECL	36.00	-	-	36.00	38.01	-	-	38.01

Particulars	As at March 31, 2022	As at March 31, 2021
14 OTHER FINANCIAL ASSETS		
Security deposits *	51.45	46.96
Other financial assets	-	2.07
Total	51.45	49.03

* Net of allowance for impairment loss recognised on security deposit Rs. 0.39 crores (March 31, 2021: Rs. 0.51 crores).

Particulars	As at March 31, 2022	As at March 31, 2021
15 CURRENT TAX ASSETS (NET)		
Advance income tax [net of provision for income tax Rs. 5,577.72 crores (March 31, 2021: Rs. 5,168.83 crores)]	228.24	171.73
Total	228.24	171.73

		(Rs. in crores)					
		As at March 31, 2022			As at March 31, 2021		
Particulars		Freehold Land	Buildings	Total	Freehold Land	Buildings	Total
16	INVESTMENT PROPERTY						
	Gross block*						
	Opening balance	0.70	1.45	2.15	0.70	1.45	2.15
	Additions	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	Closing balance	0.70	1.45	2.15	0.70	1.45	2.15
	Accumulated depreciation						
	Opening balance	-	0.15	0.15	-	0.12	0.12
	Depreciation charge for the year	-	0.03	0.03	-	0.03	0.03
	Disposals	-	-	-	-	-	-
	Closing balance	-	0.18	0.18	-	0.15	0.15
	Net carrying amount	0.70	1.27	1.97	0.70	1.30	2.00

*Refer note 6.9 of Significant accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

(i) Amounts recognised in Statement of Profit and Loss for Investment property

		(Rs. in crores)	
Particulars		Year ended March 31, 2022	Year ended March 31, 2021
Rental income from investment property		0.17	0.21
Direct operating expenses arising from investment property that generated rental income during the year		0.02	0.02
Direct operating expenses arising from investment property that did not generate rental income during the year		0.00	-
Profit from investment property before depreciation		0.15	0.19
Depreciation charge for the year		0.03	0.03
Profit from investment property after depreciation		0.12	0.16

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

(ii) Contractual obligations

The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) Fair value

The fair value of the investment property as at March 31, 2022 is Rs. 6.12 crores (March 31, 2021 is Rs. 6.12 crores).

(iv) Pledged details

Investment property is not pledged.

(v) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

(vi) Leasing arrangements

Investment properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

17 PROPERTY, PLANT AND EQUIPMENT									
Particulars	Freehold Land	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	(Rs. in crores)
									Total
Gross block*									
As at April 01, 2020	0.59	2.39	11.09	54.29	31.59	30.69	0.25	104.63	235.52
Additions	-	-	0.70	10.03	2.61	1.58	-	9.49	24.41
Disposals	-	-	0.43	7.48	1.96	0.94	-	4.94	15.75
As at March 31, 2021	0.59	2.39	11.36	56.84	32.24	31.33	0.25	109.18	244.18
Additions	-	-	0.93	15.56	3.00	2.56	-	11.18	33.23
Disposals	-	-	0.83	14.55	2.64	1.60	0.19	6.73	26.54
As at March 31, 2022	0.59	2.39	11.46	57.85	32.60	32.29	0.06	113.63	250.87
Accumulated depreciation and impairment losses									
As at April 01, 2020	-	(0.03)	2.82	18.92	11.68	6.52	(0.09)	45.82	85.64
Charge for the year	-	0.05	1.54	15.50	5.67	3.48	0.08	21.94	48.26
Disposals	-	-	0.37	6.49	1.80	0.82	-	4.68	14.16
As at March 31, 2021	-	0.02	3.99	27.93	15.55	9.18	(0.01)	63.08	119.74
Charge for the year	-	0.05	1.47	13.18	5.57	3.52	0.08	21.04	44.91
Disposals	-	-	0.63	13.23	2.43	1.39	0.18	6.48	24.34
As at March 31, 2022	-	0.07	4.83	27.88	18.69	11.31	(0.11)	77.64	140.31
Net carrying amount as at March 31, 2021	0.59	2.37	7.37	28.91	16.69	22.15	0.26	46.10	124.44
Net carrying amount as at March 31, 2022	0.59	2.32	6.63	29.97	13.91	20.98	0.17	35.99	110.56

Carrying value of property, plant and equipment pledged as collateral for liabilities as at March 31, 2022 is Rs. 0.32 crores (March 31, 2021 is Rs. 0.35 crores).

*Refer note 6.9 of Significant accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

The Company has not revalued any of its property, plant and equipment during the years ended March 31, 2022 and March 31, 2021. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.

18 LEASES

A] This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

The Balance sheet shows the following amounts relating to leases

Right-of-use assets

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Office Premises		
Opening Balance	308.51	334.29
Additions	100.33	62.80
Depreciation charge for the year	(88.86)	(87.73)
Deletions	(17.46)	(0.85)
Net Carrying Amount	302.52	308.51

The Company has not revalued any of its Right-of-use assets during the years ended March 31, 2022 and March 31, 2021. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.

Lease liabilities

Maturity analysis of lease liabilities

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Less than 1 year	74.92	74.29
1 to 2 years	66.53	68.40
2 to 3 years	54.11	57.31
3 to 4 years	38.36	46.24
4 to 5 years	31.94	28.32
More than 5 years	83.57	74.93
Total	349.43	349.49

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
(ii) Amounts recognised in the Statement of Profit and Loss		
Depreciation charge of right-of-use assets (included in depreciation, amortisation and impairment)	88.86	87.73
Interest expense (included in finance costs)	31.97	32.06
Expense relating to short-term leases (included in other expenses)	3.24	9.24
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	1.80	2.13
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	-	-
The Company had remeasured lease liability in respect of certain leases during the year and income on such remeasurement of leases as per Ind AS 116 is included in other income	3.16	2.66
Income from subleasing right-of-use assets (included in other income)	7.27	7.94
(iii) Gains or losses arising from sale and leaseback transactions	-	-
(iv) The total cash outflow for leases during the year	109.13	96.16

18 LEASES (Contd.)

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

B] This note provides information for leases where the Company is a lessor.

The Company had given office premises under lease. The income from lease recognised in the Statement of Profit and Loss are Rs. 0.17 crores (March 31, 2021: Rs. 0.21 crores). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

Future minimum lease receivables under non-cancellable leases as at March 31, 2022 are as follows:

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Within one year	0.17	0.17
After one year but not more than five years	0.08	0.25
More than five years	-	-
Total	0.25	0.42

Particulars	(Rs. in crores)	
	Computer software	
19 OTHER INTANGIBLE ASSETS #		
Gross block*		
As at April 01, 2020		4.02
Additions		1.06
Disposals		-
As at March 31, 2021		5.08
Additions		2.22
Disposals		0.03
As at March 31, 2022		7.27
Accumulated amortisation and impairment losses		
As at April 01, 2020		1.35
Charge for the year		1.34
Disposals		0.00
As at March 31, 2021		2.69
Charge for the year		1.57
Disposals		0.03
As at March 31, 2022		4.23
Net carrying amount as at March 31, 2021		2.39
Net carrying amount as at March 31, 2022		3.04

Other than internally generated

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

*Refer note 6.9 of Significant accounting policies for exemption applied during first-time adoption of Indian Accounting Standards.

The Company has not revalued any of its intangible assets during the years ended March 31, 2022 and March 31, 2021. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.

		(Rs. in crores)	
Particulars	As at March 31, 2022	As at March 31, 2021	
20 OTHER NON-FINANCIAL ASSETS			
Goods and services tax credit (input) receivable	198.82	183.44	
Prepaid expenses	9.32	7.80	
Capital advances	3.05	1.00	
Duties paid under protest	96.40	96.40	
Other non-financial assets	2.45	4.68	
Total	310.04	293.32	

21 PAYABLES

(I) Trade payables

		(Rs. in crores)	
Particulars	As at March 31, 2022	As at March 31, 2021	
(i) total outstanding dues of micro enterprises and small enterprises (refer note 54)	0.02	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises *	166.01	152.52	
Total	166.03	152.52	

*Includes payable to associate Rs. 0.91 crores (March 31, 2021: Rs. 1.27 crores).

Trade Payables ageing

As at March 31, 2022

		(Rs. in crores)					
Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	0.02	-	-	-	0.02
(ii) Others	108.81	-	50.63	4.25	1.10	1.22	166.01
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	108.81	-	50.65	4.25	1.10	1.22	166.03

As at March 31, 2021

		(Rs. in crores)					
Particulars	Unbilled	Not Due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	136.07	-	11.46	3.60	1.07	0.32	152.52
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	136.07	-	11.46	3.60	1.07	0.32	152.52

(II) Other payables

		(Rs. in crores)	
Particulars	As at March 31, 2022	As at March 31, 2021	
(i) total outstanding dues of micro enterprises and small enterprises (refer note 54)	1.46	0.37	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.21	0.54	
Total	2.67	0.91	

		(Rs. in crores)	
Particulars		As at March 31, 2022	As at March 31, 2021
22	DEBT SECURITIES		
	At amortised cost		
	Secured		
	Redeemable non-convertible debentures		
	- Public issue ₹	2,500.63	5,776.24
	- Privately placed ₹ ₹	18,768.05	15,153.29
	External commercial bond	19,011.29	17,779.55
	Senior secured notes	891.40	888.35
	Unsecured		
	Redeemable non-convertible debentures		
	- Privately placed	85.18	464.44
	Total	41,256.55	40,061.87
	Debt securities in India	21,353.86	21,393.97
	Debt securities outside India	19,902.69	18,667.90
	Total	41,256.55	40,061.87

There are no debt securities measured at FVTPL or designated at FVTPL.

₹ includes Rs. 29.40 crores (March 31, 2021 Rs. 69.20 crores) issued to related parties including Directors.

₹₹ includes Rs. 27.96 crores (March 31, 2021 Rs. 10.01 crores) issued to related parties.

		(Rs. in crores)	
Particulars		As at March 31, 2022	As at March 31, 2021
23	BORROWINGS (OTHER THAN DEBT SECURITIES)		
	At amortised cost		
	Secured		
	Term loan from banks - INR	16,755.62	13,304.70
	Term loan from financial institutions/corporates - INR	5,685.24	3,783.20
	External commercial borrowing - FCNR	4,243.13	4,122.49
	Loans repayable on demand from banks (Cash credit from banks)	454.86	667.38
	Other loans - INR -Securitisation liabilities	19,538.08	23,403.60
	Total	46,676.93	45,281.37
	Borrowings in India	42,433.80	41,158.88
	Borrowings outside India	4,243.13	4,122.49
	Total	46,676.93	45,281.37

There are no borrowings measured at FVTPL or designated at FVTPL.

The borrowings have not been guaranteed by directors or others. The Company has not defaulted in repayment of principal and interest to its lenders.

The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they were borrowed.

The Company has borrowed funds from banks and financial institutions on the basis of security of current assets. It has filed quarterly returns or statements of current assets with banks and financial institutions and the said returns/statements are in agreement with books of accounts.

		(Rs. in crores)	
Particulars	As at March 31, 2022	As at March 31, 2021	
24 DEPOSITS			
At amortised cost			
Unsecured			
(i) Public deposits (refer note 65) *	20,190.08	15,790.71	
(ii) From Banks	-	-	
(iii) From Others			
- Deposits from corporates **	1,729.76	392.11	
- Inter-corporate deposits ***	29.14	49.59	
Total	21,948.98	16,232.41	

There are no deposits measured at FVTPL or designated at FVTPL.

* includes Rs. 3.01 crores (March 31, 2021 Rs. 1.89 crores) accepted from related parties including Director.

** includes Rs. 118.94 crores (March 31, 2021 Rs. 34.34 crores) accepted from related parties.

*** includes Rs. 27.45 crores (March 31, 2021 Rs. 49.59 crores) accepted from associate.

		(Rs. in crores)	
Particulars	As at March 31, 2022	As at March 31, 2021	
25 SUBORDINATED LIABILITIES			
At amortised cost			
Others			
Unsecured			
Subordinated debts - Debentures #	4,614.25	4,620.76	
Total	4,614.25	4,620.76	
Subordinated debts in India	4,614.25	4,620.76	
Subordinated debts outside India	-	-	
Total	4,614.25	4,620.76	

There are no subordinated liabilities measured at FVTPL or designated at FVTPL.

includes Rs. 516.07 crores (March 31, 2021 Rs. 495.36 crores) issued to related parties.

I DEBT SECURITIES

A) Redeemable non-convertible debenture (NCD) -secured

i) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)

Terms of repayment as on March 31, 2022

Outstanding as on March 31, 2022: Nil

Terms of repayment as on March 31, 2021

		(Rs. in crores)		
Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12 months	-	240.22	-	240.22
Total	-	240.22	-	240.22

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 1,974.85 crores raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

I DEBT SECURITIES (Contd.)

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

As per the terms of the issue Rs. 199.37 crores were redeemed on July 15, 2021.

As per the terms of the issue Rs. 427.15 crores were redeemed on July 15, 2019.

As per the terms of the issue Rs. 1,348.33 crores were redeemed on July 15, 2017.

ii) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 1)

Terms of repayment as on March 31, 2022

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	497.98	-	-	497.98
12-24 months	850.87	-	-	850.87
Total	1,348.85	-	-	1,348.85

Terms of repayment as on March 31, 2021

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	497.03	-	-	497.03
24-36 months	837.55	-	-	837.55
upto 12 months	2,447.63	-	-	2,447.63
Total	3,782.21	-	-	3,782.21

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 3,648.52 crores raised from public issue (net off expenses) towards repayment of borrowings as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 2,285.45 crores were redeemed on July 12, 2021.

As per the terms of the issue Rs. 107.40 crores were redeemed on December 26, 2019.

iii) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 2)

Terms of repayment as on March 31, 2022

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	71.82	-	-	71.82
12-24 months	269.30	-	-	269.30
Total	341.12	-	-	341.12

Terms of repayment as on March 31, 2021

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	71.67	-	-	71.67
24-36 months	263.13	-	-	263.13
upto 12 months	-	310.11	-	310.11
Total	334.80	310.11	-	644.91

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

I DEBT SECURITIES (Contd.)

The Company had utilised the entire sum of Rs. 606.79 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 107.40 crores were redeemed on November 2, 2021.

iv) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 3)

Terms of repayment as on March 31, 2022

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	60.13	-	-	60.13
12-24 months	243.38	-	-	243.38
Total	303.51	-	-	303.51

Terms of repayment as on March 31, 2021

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	59.99	-	-	59.99
24-36 months	237.50	-	-	237.50
upto 12 months	-	262.55	-	262.55
Total	297.49	262.55	-	560.04

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 537.32 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 247.04 crores were redeemed on February 6, 2022.

v) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2019 - 1)

Terms of repayment as on March 31, 2022

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
48-60 Months	20.65	45.16	-	65.81
24-36 months	33.87	71.47	-	105.34
upto 12 months	41.91	94.28	-	136.19
Total	96.43	210.91	-	307.34

Terms of repayment as on March 31, 2021

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	20.57	43.38	-	63.95
36-48 months	33.67	69.12	-	102.79
12-24 months	41.56	90.45	-	132.01
upto 12 months	-	55.59	-	55.59
Total	95.80	258.54	-	354.34

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

I DEBT SECURITIES (Contd.)

The Company has utilised the entire sum of Rs. 339.94 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 53.11 crores were redeemed on February 22, 2022.

vi) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2019 - 2)

Terms of repayment as on March 31, 2022

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
48-60 months	26.44	-	-	26.44
24-36 months	68.61	-	-	68.61
upto 12 months	79.87	24.89	-	104.76
Total	174.92	24.89	-	199.81

Terms of repayment as on March 31, 2021

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	26.31	-	-	26.31
36-48 months	66.64	-	-	66.64
12-24 months	78.97	22.60	-	101.57
Total	171.92	22.60	-	194.52

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 193.67 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

vii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2022

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% ^ \$	>= 10% < 12% ^ #	>= 12% < 14%	>=14% <16%	
over 60 months	6,374.70	-	-	-	6,374.70
48-60 months	338.75	-	-	-	338.75
36-48 months	352.54	-	-	-	352.54
24-36 months ^	461.91	1,301.21	-	-	1,763.12
12-24 months ^ # \$	4,610.29	304.39	-	-	4,914.68
upto 12 months ^ \$	3,637.44	1,179.96	154.56	52.30	5,024.26
Total	15,775.63	2,785.56	154.56	52.30	18,768.05

^ NCD amounting to Rs. 2,396.30 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

includes 1 NCD of Rs. 250 crores partly paid to the extend of Rs. 116.67 crores.

\$ Out of above NCD having put / call option are as under

(Rs. in crores)

Sr No.	Rate of interest	Amount	Put / Call Option Date
1	7.46%	1,000.00	April 29, 2022
2	7.15%	1,585.00	June 17, 2022
Total		2,585.00	

I DEBT SECURITIES (Contd.)

Terms of repayment as on March 31, 2021

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% ^	>= 12% < 14%	>=14% <16%	
over 60 months	3,613.48	-	-	-	3,613.48
48-60 months	302.37	-	-	-	302.37
36-48 months	154.79	1,299.99	-	-	1,454.78
24-36 months ^	863.19	172.21	-	-	1,035.40
12-24 months^	1,970.82	1,086.19	151.27	45.73	3,254.01
upto 12 months ^	4,627.44	865.81	-	-	5,493.25
Total	11,532.09	3,424.20	151.27	45.73	15,153.29

^ NCD amounting to Rs. 2,692.60 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in crores)

Total non-convertible debentures- secured	As at March 31, 2022	As at March 31, 2021
Public issue (i+ii+iii+iv+v+vi)	2,500.63	5,776.24
Privately placed (vii)	18,768.05	15,153.29
Total non-convertible debentures- secured	21,268.68	20,929.53

B) External commercial bond (ED) Secured

Privately Placed Redeemable External commercial bond of Rs. 100,000/- each

Terms of repayment as on March 31, 2022

(Rs. in crores)

Detail	Rate of Interest		Total
	< 10%	>= 10% < 12%	
36-48 months	3,622.91	-	3,622.91
12-24 months	9,564.27	-	9,564.27
upto 12 months	5,824.11	-	5,824.11
Total	19,011.29	-	19,011.29

Terms of repayment as on March 31, 2021

(Rs. in crores)

Detail	Rate of Interest		Total
	< 10%	>= 10% < 12%	
24-36 months	9,182.92	-	9,182.92
12-24 months	5,638.17	-	5,638.17
upto 12 months	-	2,958.46	2,958.46
Total	14,821.09	2,958.46	17,779.55

On January 18, 2022, the Company issued and allotted USD 475,000,000 4.15% senior secured notes due 2025 in offshore market (Social Bonds) for sum of Rs.3,512.86 crores under USD 3.5 Billion Global Medium Term Note Programme. The said Social Bonds were listed on Singapore Stock Exchange (SGX- ST) on January 19, 2022. The proceeds of the issue of the Social Bonds are being utilised as per the Company's Social Finance Framework, for onward lending and other activities as permitted by the RBI Master Direction — External Commercial Borrowings, Trade Credits and Structured Obligations.

On March 31, 2021, the Company issued and allotted USD 225,000,000 4.40% senior secured notes due 2024 in offshore market (Social Bonds) for sum of Rs.1,630.35 crores to be consolidated and form a single series with the U.S.\$500,000,000 4.40 per cent Senior Secured Notes due 2024 issued on January 13, 2021 under USD 3 Billion Global Medium Term Note Programme. The said Social Bonds were listed on Singapore Stock Exchange (SGX- ST) on April 01, 2021. The proceeds of the issue of the Social Bonds are being utilised as per the Company's Social Finance Framework, for onward lending and other activities as permitted by the RBI Master Direction — External Commercial Borrowings, Trade Credits and Structured Obligations.